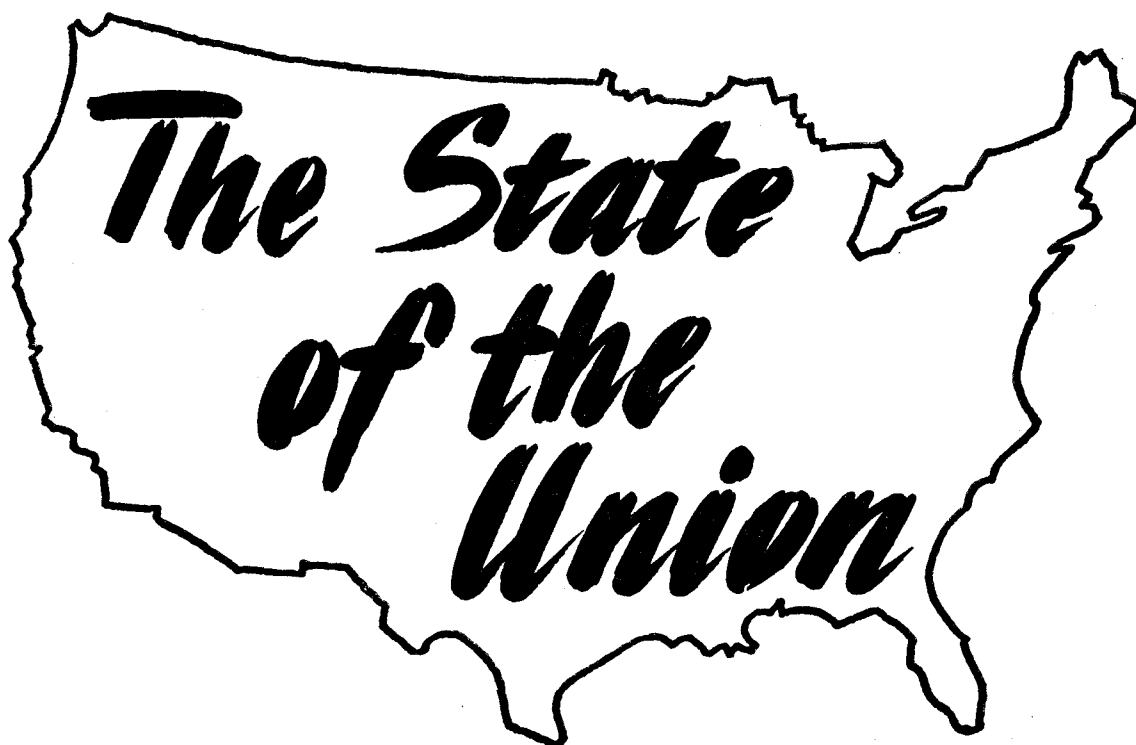


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New Republic

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WASHINGTON WIRE

NEW HAS BEEN breaking here too fast to keep up with. The spotlight shifts back and forth between Truman and Acheson.

This is our week for being encouraged about Truman. For one thing, his series of formal addresses to Congress. These have been generalized, conciliatory, optimistic and euphistic—but he sticks firmly to his Fair Deal.

Truman noseays thrown to Big Business have alarmed some left-wingers. But the motive seems manifest in the Economic Message. There has been, it develops, a decline in the rate of new business investment; under all the touch-and-go circumstances of our economy, a rather alarming decline. In so far as this is due to psychological factors, the Administration is justified in trying to check it.

That this is no formal wooing of Wall Street is indicated in the report of the President's economic advisers, appended to his own statement. In effect they kick US Steel in the teeth. They declare the recent steel price increase quite unjustified. This comment received scant press attention. Most reporters, we imagine, in the face of all that's going on here, didn't get to page 72 of this studious document, but there it is all the same.

Doubt is expressed over Truman's sincerity. He grinned as he itemized unobtainable Fair Deal objectives to the coalition-controlled Congress; he knows it won't grant a third of what he asks and Congress knows he knows it. Is it all, then, for political effect?

We wish our readers could have seen Truman at first-hand in a couple of recent press conferences. He showed to advantage in one last week. Somebody asked him about new river-valley authorities. Truman started talking. He kept on. Before he had done, he listed all the great federal dream projects, with facts and figures. He was

firm on public power. His knowledge was surprising. He was eager and enthusiastic. One thinks of FDR giving such a lecture, not Truman. Yet, as he finished, we thought we heard FDR's familiar chuckle and a faint whisper, "Well done, Harry."

In the cozy, green-walled White House little theatre at last Saturday's annual "budget seminar" Truman was again in good form. He knew his budget cold. He was informal; he casually used a couple of "hells." And he stuck to his guns. He thrust out his jaw when a reporter heckled him on his health program. "I'll fight for it as long as I'm President—and I'll get it one of these days!" he snapped.

One item in the new \$42.4 billion budget, incidentally, is a novelty: a big program for federal scholarships to college students. It's nice to think of acceptance of reasonable ideas like this at a time of over-all retrenchment.

The Administration acted quickly and decisively on Formosa when it finally got around to it. This has kept the imperturbable Acheson on the go. Following his appearance before the Senate Foreign Relations Committee on Tuesday, he tells all to the National Press Club later in the week. Obviously the Administration wants its side stated emphatically.

The Administration and the USA have taken a bad defeat on China. But it is hard to see how the Republicans can really get much long-run political advantage out of Formosa. We have always suspected that the GOP is incorrigibly romantic. Its indicated policy now is to renounce the world, marry the Chiang dynasty and go to live on Formosa with its dying partner. This is rather touching. Back in the seventeenth century, the fallen Ming dynasty fled to Formosa, too, and survived the conquering Manchus



for nearly a generation. It is nice to think of Senator Wherry over there with Chiang, and the orange blossoms.

What the issue of Formosa really amounts to is a wonderful new GOP stick with which to beat Marshall Plan aid for Britain. Some Republicans take the position that since Acheson won't help them save China from Communism, they won't help Acheson save Europe from Communism. For the anti-British GOP isolationists, like Colonel McCormick, the situation is plain duck soup. That is why Acheson is taking his case, in effect, to the people. How far Wherry-mandering can go remains to be seen.

The great What-Is-It of 1950 is the "consolidated budget." This is radicalism from the Right. It is being whooped up by Chambers of Commerce, Hoover Commissions, the NAM and Senator Byrd. The idea is to save money. And it may be a fine thing. Instead of sending 10 or 12 separate, annual, unconnected appropriation bills through Congress one at a time, the new scheme is to wrap them all up in one big, 40-billion-dollar measure. Then the pressure for economy will apply all along the line; every push for spending will be measured against the over-all cost.

Theoretically, the President could veto such an omnibus measure; actually, he couldn't. If the proposal gains backing—and it seems to be doing so—it will intensify the need for the item veto: the right of an American President to throw out particular items in big appropriation bills. Lack of such Presidential authority now is a grave weakness. Three-fourths of the state Governors have this power; Jeff Davis had it under the Southern Confederacy. Truman doesn't.

Notes. Conservative reporters on the defunct New York *Sun* rejected the Newspaper Guild; in the merger with the Guild-organized *World-Telegram* nobody spoke for them, poor chaps. . . . We like the phrase, coming from Italy, of the woman who said she belonged to the Extreme Center.

Washington

T. R. B.

CORRESPONDENCE

Italian Harvest

SIR: The antagonism of your Mr. Percy Winner to our operation of the Marshall Plan has led him into overlooking the facts, I am afraid. For in his article in your December 19 issue, he asserts that ECA's Italian Chief, James Zellerbach, and his advisers, oppose any splitting of the land among Italy's landless peasants.

The fact, as reported on the front page of the New York *Times* for December 19, is that James Zellerbach, in an important personal and official message at the opening of a new reclamation and irrigation works in Calabria, paid for out of Marshall Plan funds, stated:

We have always favored the principle of land reform in Italy, and are convinced that, by broadening the base of farm ownership, the standard of rural living can be raised by increased production in large areas.

Greenwich, Conn. ALFRED BAKER LEWIS

SIR: Mr. Zellerbach and his advisers have indeed given verbal support to the principle of land reform. They have not, however, supported the fact. It was not an organ of Communist propaganda but the respectable New York *Herald Tribune* which nearly a year ago called attention to Mr. Zellerbach's objections to splitting the large (and in many cases quite uncultivated) estates into small units. The reason for this attitude was not wickedness or support of reaction; it was faithfulness to the economic principle that small holdings are uneconomic, that is, unproductive on the large national scale, a principle valid in the United States but not in the social, political, economic and hu-

man conditions of backward areas of regions of Italy that are still largely feudal.

The sentence quoted by Mr. Lewis suggests why the proposed base is too narrow in present-day Southern Italy. The fundamental task is not to increase production in large areas, thereby raising the standard of rural living; it is to give support to the elements in the Democratic Christian government who favor taking land away from the feudal landlords so that small parcels of land, now fallow, can be given to starving peasants, thereby creating bases for the social justice and political democracy that alone can frustrate Communism.

Paris, France

PERCY WINNER

Memento

SIR: I should like to suggest a simple memory test by which statesmen, soldiers and other very important persons could be effectively silenced upon reaching the age of fatuity. In the case of General MacArthur, who has lately pre-empted the office of Secretary of State and now proposes that we hold the untenable island of Formosa, we could ask what he remembers about the tenability of the Bataan Peninsula. Herbert Hoover, whose confidence grows with the passage of every decade, might be questioned on his memory of the years 1928 to 1932. Total recall would not be mandatory for passing the tests, but in instances where the mind has become completely blank—as seems to be the case with the defender of Bataan and the architect of the Great Depression—further pontification could be banned by suitable legislation.

Red Cloud, Neb.

RALPH JACKSON

The New Mugwump

SIR: In your issue of December 19, 1949, T.R.B., in his "Washington Wire,"

says, "What a cross between the Republican elephant and the Dixiecrat donkey would be like we have no idea. . . ."

Our cartoonist, Stam, used his imaginative talents to give the public some idea what such a hybrid would look like in the December 12 issue of the *League Reporter*. Here is his concept of the creature.

GLEN SLAUGHTER,
Research Director,
Labor's League for
Political Education

Washington, D. C.





NO TIME FOR SECRET DIPLOMACY

SECRETARY ACHESON, hard-pressed by the Congressional wolf pack, concedes that: "There is a great deal of confusion among our people."

There is more than confusion. Rarely has the mood of public opinion been so unprepared for the actions that America must take.

This is the year in which we must come to terms with Communist China or risk losing all Asia; in which we must approach a truce with Russia or launch all-out preparations for an atomic war.

It is also the year when the feverish fear of Communism is fanned higher by elections; when the men who legislate our futures think less of a hundred million votes in Asia than of a thousand votes in the Fourth Ward; when any gesture of conciliation to end the cold war is smeared as a surrender by an opposition whose dearest ambition is to pin the Communist label on our chief of state.

The spat over Formosa illustrates the danger.

With great courage and common-sense, President Truman has refused to embroil America further in Formosa with the unworthy and destitute cause of Chiang Kai-shek.

But what if the President had given in?

To hold Formosa we would have had to reduce it to an American protectorate.

So, in order to win six million Formosans, we would have given up all hope of winning back two hundred and forty million Chinese. For the sake of a minor military gain, we would have broken our solemn pledges signed at Cairo and Potsdam and betrayed our anti-imperialist heritage.

With all great powers recognizing China's new government, we would have cast ourselves against the world. We would have been indicted, as Russia was indicted in Greece, for arming bandits against a lawful government. We would have been charged with aggression, since Formosa is nothing if not the staging area of an ultimate offensive war against China.

Our interventionists knew this. Walter Lippmann accurately called their proposals an effort "to force our country into an undeclared war, waged without allies, without objectives and without hope of a decision."

Americans have a healthy distrust of military swagger and bluff. Yet when Formosa falls, as the State

Department says it must, the outcry will start again. Its destructive force reflects less the strength of adventurist sentiment than the weakness of the State Department's conduct of diplomacy.

Until this century, diplomacy was carried on through a highly perfected pattern. Men born to rule and educated as rulers carried out their country's national interest in world affairs. They negotiated in secret with full authority, lightning speed and infinite finesse. Their judgments were largely freed from partisan considerations, and their actions unencumbered, save at rare intervals, by the reactions of peoples whom they moved as pawns.

Now, in place of inert pawns, are peoples eager to shape their own destinies. Radio has led us to follow world politics minute by minute. Secondary education has led to an intense and widespread participation in public affairs. Government turns, as it should, to public opinion for all decisions. Yet diplomacy denies itself that source of strength. The pouches still go out with their highly secret messages. Information is whispered behind closed Congressional doors and leaked out through favored columnists. Diplomats are not supposed to mix with ordinary folk.

The result is that the State Department is tied up in its own straitjacket. It acts as though it were in a minority. It forfeits the initiative to other government agencies. It suffers the pressure of selfish minorities because it is without benefit of an active majority opinion.

Today, when division threatens disaster, our leaders anxiously call for the return of bipartisan policy. Our national interest certainly must not be subordinated to partisan pressures in world politics. Yet top-level unanimity is no substitute for enlightened public debate.

Instead of using the bipartisan muffler to perpetuate the diplomacy of the past, the State Department should start all over again. It should throw open its files and publicize its assumptions. It should pick as its leaders and representatives men who can speak with their countrymen, it should send them for one month in each year into every high-school auditorium and public square in America. It should begin right now by telling us frankly and fully the difficult and as yet undebated alternatives that we face.

THE WEEK

THE MERCY KILLING

A lot of naïve people are upset because Dr. Hermann N. Sander of Manchester, New Hampshire, hastened the impending death of a cancer victim by injecting air into her veins. There is no reason to believe that the patient objected to the procedure; there have been numerous previous similar cases in which the physician has acted at the pleading of the individual. If we called these situations "assisted suicide" rather than "mercy killing," the moral content would be considerably changed. While some religious groups are strongly opposed to taking life under any circumstances, the community as a whole has invariably condoned actions like that of Dr. Sander. The term "murder" implies anger; it is not the word to use for a courageous act of compassion.

Those who are so exercised over this case should read a little comparative anthropology. They will find there have been civilizations, which have lasted for many centuries, in which suicide was considered a completely honorable act, and there was no shadow of reprobation for those who aided one who chose to take his own life. The Manchester case is close enough to that situation to make the historical analogy a valid one.

NAACP REPORT

The National Association for the Advancement of Colored People said in its annual report that although its major legislative objective—enactment of federal civil-rights measures—was not achieved during 1949, there is "gratifying evidence" of progress in state legislation, in political development, in court decisions and in recognition of personal merit.

Last year, Washington, Oregon, New Mexico and Rhode Island adopted FEPC statutes, bringing to 10 the number of states that have made ap-

preciable attempts to equalize employment opportunities. New Jersey enacted additional civil-rights legislation in areas of education, health, public accommodations and recreational facilities. Connecticut passed statutes prohibiting segregation and discrimination in publicly operated housing projects.

In the field of education, Indiana and Wisconsin adopted legislation prohibiting segregation in public schools, and Illinois voted to refuse state funds to any school discriminating against pupils because of race or creed.

"Backed by the authority of the federal courts, Negro citizens throughout the South continued to regain their lost franchise," the NAACP reported. The US Supreme Court upheld a lower-court decision invalidating Alabama's notorious Boswell Amendment, and, the NAACP pointed out, the "abandonment of the Talmadge-sponsored legislation to restrict the Negro vote in Georgia was a significant indication of the new trend in Southern politics developing in the wake of the steadily expanding Negro vote in that region."

On the debit side, the NAACP reported that lynchings rose from two in 1948 to four in 1949, and instances of mob violence occurred in Chicago, St. Louis, Washington, Baltimore, Birmingham, Peekskill, New York; and Groveland, Florida.

Civic, labor and other organizations, in response to an NAACP call, are holding a three-day conference in Washington to plan reminders to both Democratic and Republican Parties of their 1948 platform promises on civil rights.

HAPPY SOLUTION

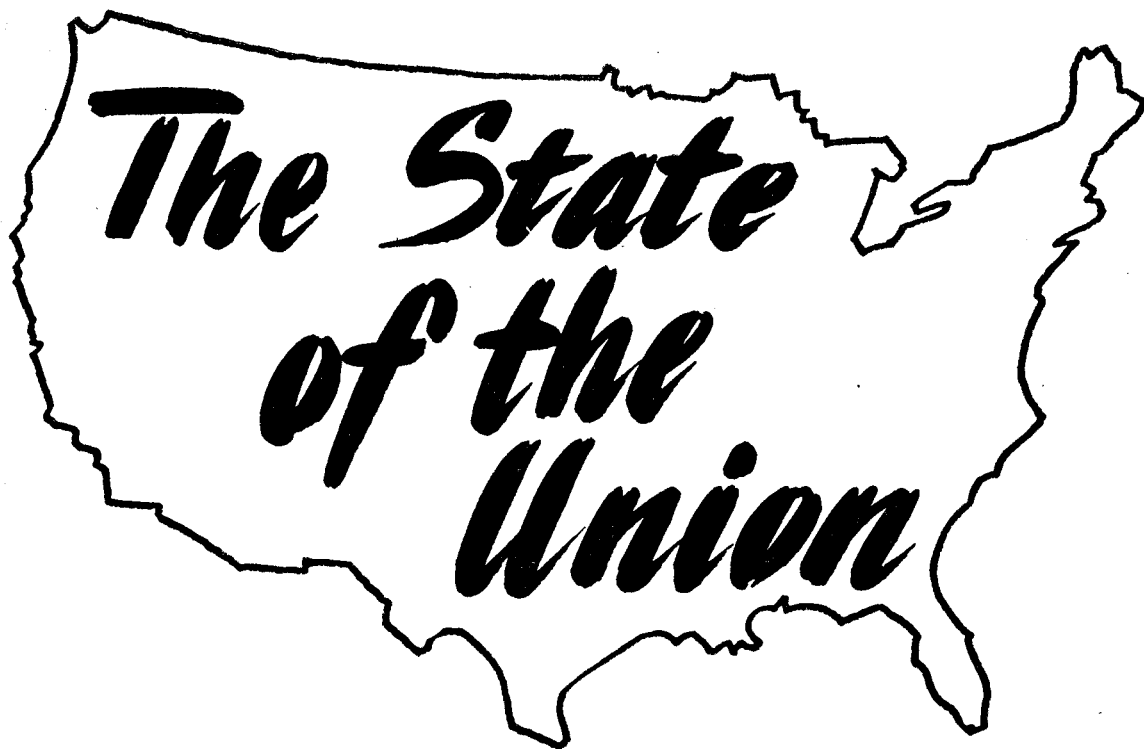
The Young Republican National Federation has just denounced President Truman for his policy in regard to the vestigial Chinese National Government on Formosa; the Young Re-

publicans think it is disgraceful that Chiang should not be helped. The happy solution to this situation occurs to us. Since there is no doubt that Chiang has plenty of money with which to buy all the armament he needs, the Young Republicans who are so stirred up should go to Formosa and enlist, as individuals, in his army. The title of their organization shows that they are of military age; the vigor with which they denounce the President shows their swashbuckling, truculent nature. They certainly don't want to be put in the position of saying, "Let's you and him fight." Or do they?

PSYCHIATRY AND CHAMBERS

The Alger Hiss trial was enlivened last week by the presence on the witness stand of a well-known New York psychiatrist, Dr. Carl Binger. Being asked in the course of an hour-long hypothetical question what he thought of the reliability of a man guilty of repeated lying, stealing, conspicuous insensitivity, the use of false names, eccentric actions, living like a hobo, marked changeability, panhandling, sinking into trancelike states, gross egotism, and wild accusations, Dr. Binger replied that such a person would be unreliable. The purpose was to indict the testimony of Whittaker Chambers, chief and almost only witness against Hiss.

In general, Dr. Binger is of course quite right; but there are special problems in the case of a self-accused former member of a Communist apparatus, who readily admits performing a number of these actions in the Party interest. We should be surprised if Dr. Binger's testimony turned the tide, in the minds of the jurors, one way or the other. We shall be even more surprised if the outcome of the trial leaves the public completely satisfied that it now knows the truth about Hiss's innocence or guilt.



AT MID-CENTURY our republic has reached its time of greatest strength and responsibility.

Just 11 years ago the Munich Pact was signed. The intention of the men who signed it was to determine the world's future without reference to two little considered nations—the US and the USSR.

Eleven years later, these two nations stand astride the world. One represents a reaction of violence against the evils of the past; the other, a faith in what free men, by their own uncertain efforts, can become. On the internal strength of each, and the ability of each to inspire all peoples, the world's future largely turns.

It is in the nature of our democracy, and of our swift rise to world responsibility, that with the world at stake we should not know how best to use our new power or to sustain our strength.

Herbert Hoover, who presided over this nation's well-being from 1928 to 1932, maintains that we should use our power to raise a wall against Communism. How high, how wide, how thick a wall must be to keep out an idea is not explained. Nor is it explained what protection a wall is against the human reaction of revolt against unendurable misery within its borders.

In contrast, President Truman today maintains that Communism compels democracy to heighten its performance in order to survive. Communism is less a menace to be guarded against than a challenge to be met.

Divided as we are, we have tested both approaches. Where we have set out, with military and financial pressure, to support "anti-Communist" regimes that lacked the backing of their own peoples, we have failed. Where we have set out to reduce the Communist po-

tential by raising living standards, we have succeeded. Today the balance is even. We can be confident for the future of world democracy, but we cannot slacken or compromise our efforts.

All our attempts to raise living standards abroad, all our efforts to raise standards of health, of housing, of education here at home, rest on our ability to maintain continuing full employment in America.

Until now, we have relied on private enterprise to maintain prosperity. So we have struggled up peaks of inflation and stumbled into pits of depression. We can no longer live that way.

To burden private enterprise with the responsibility for maintaining full employment is to destroy private enterprise. To deny democratic government the responsibility is to destroy democracy. We need the dynamic force of competitive enterprise to raise productivity. We need the dynamic force of government to expand purchasing power, to raise standards of welfare, and to develop our resources. As long as these two forces are held in competition we are in danger. For they must work together. To the extent that government is forbidden to create wealth by resource development it must rely on redistributing wealth by taxation. To the extent that government is forbidden to maintain purchasing power by welfare programs, it must directly control production by nationalization of industry. These are the alternatives, and they make nonsense of clichés, such as the "handout state." Our real problem is to raise our political standards until democratic government can master its new tasks.

Today for the first time we possess the knowledge,

the experience, the resources to ensure sustained abundance. Yet our progress is never certain.

The benefits that we take for granted today—social security, collective bargaining, the women's vote—were revolutionary ideas 50 years ago. Today we enjoy them because our pioneers of social progress fought and died for them and because society protected those pioneers. We cannot know which of today's wild schemes will be accepted necessities 50 years hence. We do know that progress is vital to democracy and that more important for progress than advancing any

one new idea is maintaining the climate of tolerance in which all new ideas can grow.

In the shadow of an entirely new threat to our lives, many Americans have become intolerant, fearful, institutionalized, and suspicious of new ideas. They are confusing the right to betray and the right to protest. They are suppressing today's pioneers.

That is a real danger. For freedom is not a trophy to be locked in a vault for safekeeping until the cold war is over. We must fight, not for freedom but with freedom, if we are to win.

II. A DYNAMIC AMERICA

Increasing Farm Production

BY PREWAR STANDARDS the outlook for agriculture is good in 1950. Production and consumption are expected to remain high. Yet Secretary Brannan warns that "the nation may face a year of reckoning for falling farm prices in 1950."

Farmers earned \$18 billion in 1947; \$14 billion in 1949. The 1950 farm income is estimated at only \$12.6 billion. The gross income of farmers fell 10 percent last year and will fall another 10 percent this year. The farmers' net income in 1949 fell 16 percent, and will fall 16 percent again this year.

The need today is to reverse the downward trend in farm income without reducing purchasing power of consumers through rising food prices. Price supports, which operate by holding farm produce off the market, cannot do the job.

One reason is that the effect of price supports is to keep prices high and so to restrict consumption. A second reason is that supports cannot be extended to perishable products. A third reason is that our storage bins are already bursting at the seams.

This summer our carry-over of cotton will reach nine million bales. The carry-over of wheat will be 300 million bushels; of corn one billion bushels. Already the Commodity Credit Corporation, which buys and stores supported products, is close to the limit of its borrowing power. The support program cost \$600 million in 1949. This year its cost will be much higher.

The Brannan Plan offers a new means of sustaining abundance. It offers increased consumption through lower food prices, and better land use by encouragement of livestock, dairy and vegetable production. It recognizes that our farms can produce far more than they can sell commercially at fair prices today. So it sustains farm income by production payments, which

are distributed equitably among poor and rich farmers.

The American Farm Bureau Federation, which would bargain as a monopoly for price-support levels, dislikes production payments. It prefers to limit subsidies to a small segment of wealthy farms and to conceal them in the borrowing power of the Commodity Credit Corporation. So far, it has persuaded Congress to reject the Brannan Plan on charges of regimentation and high costs.

Both charges are unfounded. Controls are necessary to bridge the gap between farm capacity and the demand for farm products. But the Brannan Plan, which narrows the gap by encouraging consumption, limits the need for controls. Any farm-support program costs money. The cost is determined by the level at which farm produce is supported and not by the way in which supports are given. By encouraging better land use, and higher standards of nutrition, the Brannan Plan minimizes the wastage and distortion of resources which subsidies tend to perpetuate.

Increasing Industrial Production

ADEQUATE INDUSTRIAL EXPANSION requires that we:

1. Break the restrictive hold that monopoly is increasingly exerting on production.
2. Assure a ready supply of capital for expansion.
3. Eliminate the problem of the "bottleneck industries" which now choke growth at key points.
4. Develop our resources through regional planning.

Monopoly. The anti-trust agencies are attempting to stem a rushing tide toward giant monopolies in industry with two decrepit pieces of legislation and the puniest kind of enforcement staffs. Between 1940 and 1947 alone, more than 2,500 mergers occurred, involving over \$5 billion—nearly 5.5 per-

cent of total assets of all manufacturing corporations. The latest survey of the Federal Trade Commission shows that in 19 out of 26 of our major manufacturing industries, six companies or fewer control at least 60 percent of the net assets. In 13 of the 26 industries, three or fewer companies control 60 percent. A Department of Commerce study corroborates this dangerous trend: a "Big Four" controlling at least 50 percent of production dominates 144 of 440 industries recently surveyed by the Department.

The Sherman Anti-Trust Act, now 70 years old, and the Clayton Act, passed 35 years ago, have been no match for the nimble wits of American corporation lawyers. Present laws are incapable even of preventing, much less of breaking up, the existing concentrations of economic power.

To prevent monopoly from spreading, we need to amend the Clayton Act to:

1. Forbid mergers which would lessen competition by the purchase of assets of competing corporations as well as by the purchase of stock. (The present act forbids only the latter. Sixty percent of the mergers from 1940-47 were by purchase of assets.)

2. Provide heavy penalties for offenders. Even the Republican 80th Congress deplored the "lack of adequate penalties in the law." The House Committee on Small Business, under Representative Walter Ploeser, pointed out the fines imposed have been "wholly inadequate when one takes into account the profitability of the offenses," and, "In only a few instances has a court ever meted out jail sentences to officers and directors." The Republican Small Business Committee therefore recommended that an officer of a corporation which engages in restricting production to control prices be "enjoined from serving as an officer or director of any corporation engaged in commerce in the United States for a minimum period of years."

Neither the Federal Trade Commission nor the Department of Justice has proposed any legislation to cure the concentration that already exists. But two young professors, Dr. Walter Adams, of Michigan State College, and Professor Howard Trienens, of Northwestern University, have worked out such a plan. They would apply the principle of the Public Utility Holding Company Act of 1935 to the whole anti-trust problem. The Utility Act instructed the SEC to reduce the concentration of economic power in the electric and gas utility industries. The Act requires that the operations of each holding company be limited to a single, "efficient" integrated public-utility system. It requires all holding companies in interstate commerce to register with the SEC, and gives trustees appointed by the court the power to sell assets designated for disposal,

after the company concerned has presented its voluntary plans for reorganization.

Liberals have been generally pessimistic in recent years about cutting down the size of the giant American corporations. In 1940, even TNEC expert Walton Hamilton concluded that "the dissolution of a giant corporation calls for the exercise of an art which is as yet little perfected." Professors Adams and Trienens say that "art" has now reached a much greater degree of perfection, that since it went into operation in 1938, the Utility Holding Company Act has been a "practical demonstration that it is feasible to break down the size of industrial giants." "The results achieved in the administration of the Utility Act call for a reëxamination of the assumption shared by the agencies charged with the enforcement of our anti-trust program that the 'process of unscrambling the eggs in an industrial omelet' is so 'inherently difficult' that it should not even be considered as a practical solution," Professor Trienens writes.

It should be workable to amend the anti-trust laws now, to: require all corporations which control 10 percent or more of the production of any product, or with assets of more than \$25 million, to file details of their operations with the SEC; provide for study of each concentrated industry to determine whether breaking it up into smaller units is necessary for greater efficiency; allow the companies concerned to challenge those findings; authorize the SEC or another government commission to reduce size where technically feasible, and where dissolution is not technically feasible, to regulate prices and profits of the monopoly.

Supreme Court decisions on the Utility Act give every indication that such general application of that principle would be ruled constitutional.

Investment. Simply to return to the full employment of a year ago will require two million more jobs in industry than now exist. One and a half million persons lost their jobs last year; 500,000-600,000 new workers will be ready to enter the labor force in the next 12 months.

To maintain permanent full employment, 17 members of the US Senate stated last year in introducing the Economic Expansion Act, will require "an average of at least one-half to three-quarters of a million new job opportunities available every year for a growing population, that will provide an average annual increase of at least three to four percent in the total output of goods and services, and that over the next four or five years will raise the total output to \$300 million."

The first essential is stable, expanding and adequate

industrial capacity. That means heavy investment in plant expansion. The trend now is just the opposite. Capital investment this year is *reduced* from last year, and the 1948 amount had already proved inadequate to prevent the recession of last spring and summer.

Measured against the normal yearly growth of our economy by 3.5 percent, our national output of goods and services was 10-12 percent short in 1948, amounting to \$25-\$30 billion of gross national product. In the last half of this year, business spent 14 percent less on new plant and equipment than in the same period last year, according to the SEC. And capital expenditures in the first quarter of 1950 are expected to fall another 14 percent below the rate for the same quarter in 1949. Capital outlays for this full year, now estimated at \$17.9 billion, were \$1.3 billion below 1948. The downward trend in investment has not changed since last spring and, together with falling farm income, is perhaps the most disturbing factor in the economic outlook. Businessmen must be persuaded to increase their capital expenditures sharply or the government will have to assume responsibility for the necessary expansion.

Loan Insurance. Small and medium-sized businessmen might go in heavily for capacity expansion if they had the long-term capital required. Small firms have always had serious difficulty in obtaining venture capital and long-term credit. Even when they can get loans for reasonable periods, surveys show that they usually pay interest rates that "average three times those paid by large borrowers." "From one-third to one-half of the small businesses which were in a sound financial condition could not obtain adequate capital or credit from private sources," one recent Congressional study found.

"Small business," as used above, describes about 90 percent of the business establishments in the country; it accounts for 45 percent of all people engaged in business and is responsible for about one-third of the dollar output of all business. The economic potential of this group is obvious. The Small Business Advisory Committee of the Department of Commerce has offered a proposal which, if enacted by Congress, would do a great deal to advance immediate expansion of the economy. The committee suggests that Congress authorize establishment of a loan-insurance plan to supply credit to small business, patterned after the Federal Housing Administration method of insuring FHA Title I loans. Under this plan, the government underwrites local bank loans at reasonable interest, the banker selecting and making the loans in accordance with regular banking standards. The bank withholds

a small part—perhaps 1.5 percent—of the interest charge on each loan which goes to a government-managed insurance fund, out of which losses and administrative expenses are paid. Maturity periods of 10 to 20 years would be provided to meet long-term credit needs.

Using this system, the FHA is now insuring housing loans at the rate of \$50 million a month, and last year the average loss was only about three-tenths of one percent of the principal involved. In 10 years, the FHA's Title I operations have become self-sustaining and this year will actually produce a profit of \$5.7 million. A small-business credit program could also be made largely, or completely, self-supporting, while removing the risk for timid bankers.

Incentives to Businessmen. To obtain all possible voluntary investment, the ceiling on RFC loans to business should be lifted and the 10-year maturity period extended up to 30 years for certain types of capacity expansion.

Depreciation. To encourage business to expand production, the government should allow private investment in new plant capacity and equipment to be depreciated over a five-year period. This would stimulate independent producers to make improvements necessary to compete with larger-scale operators, as well as offer tax rewards to large operators who re-invested to increase production.

Technical Aid. Also, the government should assist business firms with advice on the development of new products, markets, sources of materials, methods of merchandising and distribution, and conduct research and development projects to speed up improvements in technology.

Public Investment. In some areas, all of these added inducements to private expansion still might not produce more capacity. Some of our great monopolies have reached such heights of economic power that only the government itself is strong enough to engage them in competition. Helpful as the Utility Holding Company Act has been in checking the supreme control of a few companies in the electric and gas industries, the development of our national public power program has been a far greater stimulant to more private power development. In other tightly held key industries the same would be true.

To keep a full-employment economy running, we shall have to produce a great deal more of certain key supplies: steel, aluminum, iron ore, copper, lead and

zinc, timber, fertilizer, synthetic fuel and electric power, among the most important. Today, with four million unemployed, the supply of several of these materials appears to be keeping in fairly close step with the demand. But in 1948, with somewhat less than full employment, shortages in these and other products were already holding down the national income by an estimated \$30 billion a year; the resulting high costs and lack of materials helped create the slump from which we are now partially recovering. If we manage to regain last year's level of economic activity without first having acted to ensure adequate supplies of the materials that were short before, recent history seems likely to repeat itself.

It is possible to set definite production goals for each of our scarce items, in line with the over-all goal of a total national production of \$300 billion in the next three or four years. It is nonsense to talk of maintaining full employment unless this minimum of national planning is adopted. Full employment without nationalization is a possibility. Full employment without nationalization or planning is a political delusion.

When goals of national output of essential materials are set, and private producers have indicated how much of the required total they are willing to undertake to supply, the government should proceed to make up any deficit in capacity by constructing the plants itself. The government can lease those facilities to private companies to operate, or, where it seems desirable, operate them as publicly owned pilot plants to attempt to influence the price and production policies of the private monopoly in that field.

In some shortage areas, the problem is that the easily available supply is being exhausted, and the cure for the "bottleneck" is subsidy, not building new plants. Producers of critical minerals, in many cases, have been forced into mining lower-grade ores, at greater expense to them. To assure a steady and adequate supply from those fields, the government will have to guarantee a continuing level of profits through premium prices to the low-grade producers.

Regional Development. "The major opportunity of our generation to increase the wealth of the nation lies in the development of our great river systems," President Truman has said. He had in mind the cheap and abundant hydroelectric power that can be produced by construction of multi-purpose dams in our river valleys, as well as the possibilities for irrigation, navigation, flood control and recreation.

Industrial expansion has come to depend on electric energy. The vast new sources of power in the now

underdeveloped areas of the United States could make possible the same level of prosperity and economic diversity for the South, the West and declining New England as in the rest of the country. The achievements of the TVA in raising standards of living in the Tennessee Valley during the last 15 years point to the revolutionary "One River—One Problem" approach used there as the answer for the whole nation. When the TVA began operation in 1933, the average per-capita income in the 122 counties it serves was \$148 a year, as compared to an average of \$368 in the US as a whole. Between 1933 and 1947, income in those TVA counties increased 212.7 percent—almost twice the national increase (108.6 percent) during that time.

In our other great river basins, where resource development has continued along traditional lines, there has been no such progress. In all the regions except the TVA there is widespread overlapping of authority and division of responsibility: eight agencies are responsible for separate parts of river-basin resources work in the Department of Interior alone, and seven other major agencies of the government, besides the agencies in the Department of Agriculture and the Corps of Army Engineers, have a hand in such work. These agencies are answerable to different Congressional committees and have widely varying basic laws and appropriations.

We need a single Department of Natural Resources, as recommended in a special report by Dean Acheson, James K. Pollock and James H. Rowe Jr. to the Hoover Commission, to develop all of our diminishing resources together. Pending such a reorganization of the government, "a review agency in the President's office" should have the authority to evaluate various regional plans and reconcile agency differences. In addition, regional river-basin authorities for the following watersheds should be started now:

The CVA. The vast land and energy resources of the four states of Washington, Oregon, Idaho and Montana that would be served by a Columbia Valley Authority could readily provide support for a million more farm, industrial and service workers and their families. Irrigation would triple the acreage of cultivable land in Oregon and Washington and make possible the settlement of 28,000 100-acre farms. With 40 percent of America's potential hydroelectric power, the CVA area, with cheap electricity, could fill a good part of our need for two shortage products in particular—aluminum and fertilizer. The Columbia basin has the richest phosphate deposits in America. With power for the concentrated electric-furnace process of making fertilizer, the CVA region could economically com-

pete with wet-process fertilizer manufacturers as far eastward as the Ohio River. Once a national transportation policy to revise the freight-rate differential had been adopted, development of heavy industries could blossom in the Northwest as well.

The MVA. A valley-development program would provide the power and the research to release the tremendous raw material and processing potential of the vast Rocky Mountain area. Phosphates, uranium, magnesium, low-grade alumina and iron ore exist in its 10-state area in enormous quantities. Eastern Montana and the western halves of North and South Dakota are completely underlaid with lignite. An abundance of water added to this creates the conditions for a large synthetic-fuel industry.

An MVA could develop five million kilowatts of cheap power, irrigate six million acres for cultivation, and construct the deepest inland waterway in America.

Central Valley. The need for a river-basin authority is most immediate here. California's tremendous growth in population and industry since before the war has created alarming shortages of water and power. A number of multi-purpose projects to supply both are nearing completion, but a central authority is needed to see that their output is properly divided.

St. Lawrence. Far larger than the TVA, the St. Lawrence Seaway and Power Project would provide enormous quantities of cheap electricity for the high-cost, power-starved areas of New York and New England. One development alone, at Niagara, is planned to produce 1.1 billion kilowatts. The total projected cost of the St. Lawrence Project to America would be \$490 million; the saving to consumers in electricity alone is figured at \$26 million a year. It would create a waterway through which ocean-going vessels with drafts up to 27 feet could carry cargoes as far as Duluth—2,319 miles from the ocean—greatly cutting transportation costs to the Middle West.

Connecticut-New England. New England is a declining area. Its future probably lies in becoming the most highly skilled processor of goods in their last stage of manufacture. It lacks the raw resources, such as metals, for heavy industry, but with low-cost energy, and inexpensive iron ore from the newly discovered deposits in Labrador, New England conceivably might be able to compete as a small-scale producer of steel.

Whether New York keeps the entire output of St. Lawrence power for itself or shares it with the New

England states will affect immediate needs in the area. The Connecticut and other rivers of the region, however, are capable of yielding more than nine billion kilowatt hours of energy annually, under multi-purpose development, designed at the same time to bring the destructive New England floods under control. New England manufacturers sorely need relief from power rates that in some cases are 70 percent higher than those charged by *private* companies in the TVA area.

Development of the Connecticut River, with the largest power potential in New England, should be planned in the context of New England as a whole.

Tax and Income Policy

PERMANENT FULL EMPLOYMENT depends on the ability of consumer purchasing power to keep pace with a steady increase in production of goods and services. The flow of real income must be sufficient to guarantee steady and expanding markets.

This calls for national tax and wage policies to redistribute the total income and special programs to lift our substandard families to their rightful place in a democracy.

Taxes. "The sound objective of government policy," President Truman has asserted, "is to contribute toward the maximum use of our resources, not to contribute to having them be idle and unused."

In the long run, federal deficits contribute to unemployment by adding to a bond-holding class's claims on national income and worsening the distribution of national wealth. Inflation or capital levies alone can liquidate an unmanageable national debt.

Today our concern for the size of a national debt is rightly directed to the level of national income that sustains the debt rather than the debt itself. In times of inflation, budget surpluses are a part of an over-all program to stabilize full employment. In times of low business activity, stability is maintained by increasing net purchasing power by progressive taxation and by increasing total purchasing power by public expenditures. Federal deficits are a measure of the limits set by political forces to the redistribution of wealth by progressive taxation, and to the participation by government in productive, self-liquidating public works.

In the inflationary years of 1946-8 President Truman proposed substantial budget surpluses to offset inflation and to reduce the debt. Instead, the 80th Congress precipitated further inflation and a continuing deficit by reducing taxes by \$5 billion.

Forgetful of their earlier actions, conservatives are now demanding that the government carry out the very

policies that they themselves blocked two years ago. Meanwhile times have changed.

Federal expenditures cannot be reduced to produce a budget surplus. The domestic-welfare programs in President Truman's budget have been slashed too far already. The waste has been cut out of military appropriations. Appropriations for foreign aid are already so low that the objectives of that aid have been endangered.

In addition, 3.5 million Americans are unable to find work, farm income is falling, business investments show a steady decline, no strong influences for expansion are in sight. Deflationary policies now will bring on a depression.

Nor can a budget surplus be produced by increasing the tax burden. The tax structure of 1947 certainly would yield a surplus today. Instead, the taxes set by the 80th Congress are in force and the entire cost, wage, price and profit structure of the economy has been adjusted to them. To restore the 1947 tax levels would hold down expansion. If full employment is restored, increased tax receipts will yield a surplus. While unemployment continues, taxes in general should not be raised.

Purchasing power, however, needs to be increased in 1950. It will not be raised much by wage boosts, for the major wage contracts that will govern 1950 are already in operation. The best way to increase purchasing power is to raise the exemption on income taxes and to abolish the regressive excise taxes. The losses of revenue can be more than made up by raising corporate, estate and gift taxes, and closing the loopholes in collection which the 80th Congress opened by reducing the size of the federal tax-enforcement staffs. These revisions within the tax structure are fully justified. Tax relief since the war has been given almost entirely to corporations and the rich. Today corporations are charged double their prewar tax rates, while a family man earning \$5,200 a year pays \$432 as against \$48 in 1939.

Wages. To put a floor under purchasing power, we must take further steps to raise incomes among the lowest-paid workers and establish a national wage policy to provide continuing adjustment of all wages to gains in productivity.

Minimum Wage. The change in the national minimum wage from 40 cents to 75 cents an hour authorized by the last session of Congress merely restores losses incurred since the Fair Labor Standards Act went into effect in 1938. The 75-cent floor is not adequate to meet any test of a reasonable budget, for either single

persons or families; it does not approach current wage standards in industry. To strengthen the whole wage structure in the country, the next session of Congress should raise the minimum to \$1 an hour and extend the coverage of the Act to at least seven million more workers now outside it whose work *affects* interstate or foreign commerce.

In addition, it is necessary to restore the Administrator's power to sue on behalf of workers for unpaid wages, restore the vitality of the overtime provisions, and remove discriminatory exemptions. To protect against the use of cut-rate labor abroad as well as at home, the Walsh-Healey Public Contracts Act should be made applicable to all work connected with the Marshall Plan and other relief and reconstruction programs.

A National Wage Policy. "Management and labor, through collective bargaining, should seek agreements which recognize that the benefits of improved technology and productivity should be reflected both in the wage structure and the price structure." This general statement of President Truman's needs to be defined explicitly and made the basis for a national wage policy.

Wages must not be allowed to force inflation by being larger than the economy's value in goods and services. Nor must wages be permitted to create a falling consumer market by lagging behind productivity gains. A sound principle for the long run, assuming a continuing high level of employment, is that wages should rise in proportion as productivity increases. In recent years—eliminating the abnormal period of the war—the ratio of labor's contribution to its reward in the total American economy has advanced by approximately three percent a year. In our basic industries the government should call representatives of industry, labor, consumers and agriculture to consider what is needed in the way of wage policy and should promote voluntary agreements on the necessary policies to the fullest possible extent. Subject to special circumstances, the government should recommend to employers and unions that wages, including pensions and other supplementary benefits, be raised an average of three percent a year.

The harmonizing of wages with productivity will provide a fair and effective mechanism for maintaining purchasing power, once wages, prices and profits are brought into balance. These forces will still be out of balance in 1950, with wage earners at a serious disadvantage at their end of the scale. Therefore, wages in 1950 should increase *more* than the recommended three percent for the best interests of the economy.

The Lowest Third. "A third of all our people in the year 1948, a peak of American prosperity, had so little income, such meager culture, and living standards so low as to be set apart. In effect, they were a drag upon the rest of us, unable to pull their full share of the load, denied many of the good things of life which we have, and a possible threat to our free democratic institutions."

That statement was made by an expert, appearing in recent hearings before the Joint Economic Committee of Congress. He was speaking of the 10 million American families who still earn less than \$2,000 a year. Conditions of life have become a little better for this lowest third of Americans in the past 15 years as the rest of America has climbed to new standards of comfort. But the persistent poverty in the bottom layer of our economy indicates that continuing full employment alone will not lift the poorest part of the population to higher levels. Figures supplied in the Joint Economic hearings show, in rough terms, that while our money income increased by about \$69 billion, in non-inflation dollars, between 1935-48, only about four percent of this increase went to the lowest fifth of our families, less than 20 percent went to the lowest two-fifths and more than a third, \$25 billion, went to the top fifth. The mere increase in the share of the top fifth was almost four times the remainder's entire share in 1948. The change in status of our lowest third during recent full employment has been insignificant.

Some of the causes for the condition of the lowest third are beyond the power of any Congress to solve. But vast numbers of the unskilled and little-skilled who make up this group can be raised to perform at higher levels and can be provided with places in which to do so. In urban low-income families, 64 percent of the family heads have not gone beyond an eighth-grade education. Experts estimate that one-half of all our manual laborers could be moved up into skilled occupations, with the consequent rise in income, without causing any serious shortage of unskilled labor. Extension of "division-of-labor" methods throughout industry, wide application of modern training and placement techniques, and expansion of union organization to give wage earners a larger part of the production dollar are the best ways for immediate improvement. But, as Dr. Dewey Anderson told the Joint Economic Committee:

The most promising approach is to deliberately set out to alter the conditions of the new generation of workers. We learned a great deal about effective training in a wide variety of specific occupations during World War II which seriously questions the whole vocational training system customarily found both in schools and on the job. If the

gains and knowledge recently acquired are not to be submerged in an entrenched and self-perpetuating system of vocational education that is cumbersome and wasteful, an overhaul of our training machinery is in order.

Unless some such drastic action is taken, the chances that the occupational pattern of the next generation will differ greatly from that of the present are much slighter than is generally understood. We have reached what the sociologists call an "essentially stratified condition" with regard to unskilled workers in the United States. Approximately one-fifth of the nation's children are to be found in the lowest-third families, and the likelihood is that they will not advance much beyond the occupational status of their fathers.

The President should name a Special Commission on Labor Training to study this whole field of education and determine how to break down the barriers that now hold down unskilled workers.

Prompt action should be taken to create "a national technical-school and college scholarship program covering at least 10 percent of the enrollment in existing publicly supported colleges, with progressive increases to cover as much as 50 percent within 10 years" and "a sizable revolving fund to meet the special needs of low-income students through low-interest loans," as suggested to the Joint Economic Committee.

Older workers, minority groups, widows or the heads of broken homes, and others handicapped by disability or special circumstances are the next most important segments of the lowest third. A Fair Employment Practices Commission "to develop a code of fair employment practices" relating to these groups of workers and to find ways of bringing them into the labor market is one constructive proposal offered.

Help for the small farmer. An adequate program of price and income supports as provided in the Brannan Plan, while real progress in farm economics, would not close the wide gap between the incomes of the farm and non-farm population. The Bureau of the Census estimates that 3.3 million, or about half of all the families in agriculture, received total incomes of less than \$2,000 in 1948 and that one-fourth received less than \$1,000. While cash income is not an exact measure of standard of living on a farm, wartime prosperity has not changed the fact that the *average* farmer is still a low-income farmer.

To bring the lower half of farm families up the scale the US Department of Agriculture should be assigned to:

❶ Provide necessary credit to farmers who need capital to buy land or machinery, or to change over to diversified farming and improve their livestock. In

the last two years, the FHA had funds to make loans to only 30 to 40 percent of those who applied for operating loans and a mere 2 to 2.5 percent of those applying for farm ownership loans.

❏ Provide technical know-how. The Agricultural Extension Service now functions as a sort of adjunct of the American Farm Bureau Federation, mostly for the benefit of the farmers who need it least. The service should be "divorced" from the Federation and made to serve the interests of all farmers.

❏ Adjust farm units to family size. By voluntary purchases and resales, some farms should be consolidated, others broken down in size to eliminate the abundance of present-day farms that are simply "too small or too poor to provide their operators with enough days of productive work in a year."

By integrating rural-conservation work into an employment program for the farmers who now have only a hundred days' or so work a year, two purposes can be served.

By integrating the part-time employment problem on the farms with programs for industrial development, industrial plants to absorb the surplus of farmers created by necessary consolidations can be located where large numbers of undersized farms now exist.

Maintaining Our Resources

"ENTIRELY APART from the danger of another war, our country has reached a point in its development that calls for a new concept of the relation of natural resources to its economy. The time has definitely passed when the natural resources of the continent were so abundant in comparison with the demands upon them that wasteful and extravagant practices, either by private owners or by government agencies, could be tolerated."

The Hoover Commission task force which stated this conclusion recommended creation of a Department of Natural Resources in the Cabinet to guard and develop the vast resources within the sphere of government.

Waste has been, and is, tremendous. For every two tons of coal mined, one has been left in the ground and lost. Oil and gas have been wasted at the wells and in methods of extraction from the ground. The weight of steel in the average automobile has increased 14 percent in the past 15 years, in the face of declining iron-ore reserves and at the expense of other important uses of steel. In harvesting timber, one-third has been left as waste in forests or mills. We still burn in the air a fifth of the natural gas we produce. We are wasting more undeveloped electric power than we are produc-

ing, because we have not yet put to use all of the inexhaustible and economic water power of our rivers. Instead, we encourage utilities to burn coal, gas, oil, which are exhaustible.

A few of these losses are reparable in time. Others are partly remediable by the development of substitutes, such as synthetic fuel. Some losses can be partly recovered, such as extraction of more oil from the ground by improved technology. And some losses can be averted, such as stoppage of the enormous waste in unused hydro potential by a large program of building dams for power and other purposes.

No real inventory of American resources exists. We do not know the physical character of the United States accurately today. Before wise policies can be developed to make the most of our resources, extensive and expensive surveys are required to find out what we have and where it is. Our hydrologic data are so incomplete, for instance, that, as the Hoover Commission report states, "we find ourselves embarking on the most gigantic water projects ever devised, with alarming gaps in our knowledge of the probable behavior of the waters we are trying to control and utilize. . . . The limit of error or ignorance in present water development is rarely less than 25 percent, and is frequently greater than that." Even the economy-minded Hoover Commission, remarking that it was "reluctant at this time to recommend increased appropriations for any federal function," nevertheless concluded that "it is foolhardy for the federal government to undertake a development program running into billions of dollars without spending enough money to obtain the basic . . . data essential to sound planning and construction." Six basic topographic and hydrologic studies should be begun at once; at least \$1 billion should be spent on these projects over as brief a period as possible, although from 10 to 25 years will probably be required to come close to completion. To delay any longer will be much more costly in the long run.

Fuel and Energy. There is no assurance now that our energy supplies will be adequate for full-employment requirements in the coming years. Out of 80 million kilowatts of new power capacity needed by 1960-70, only 20 million are scheduled by the end of 1951. "Our oil production may decline within 25 years," the Department of Interior estimates, "possibly much sooner. . . . Gas production may start downward somewhat later. Our coal reserves probably are much less than the 3,000-year supply we have talked about, and may be as low as 125 years for the whole country. We should be doing much more in determining our energy reserves in producing and using our fuels less

wastefully, and in developing power from inexhaustible hydroelectric sources instead of exhaustible coal, oil and gas."

We should:

- ¶ See that at least 40 million of the 80 million kilowatts of additional power capacity by 1960-70 are hydro, and that at least 30 million originate in plants to be built by the federal government.
- ¶ Develop methods for long-distance transmission of power in a 10-year program.
- ¶ Accelerate the 10-year resurvey of coal reserves started in 1948 by the Bureau of Mines.
- ¶ Increase our coal reserves by one-fourth to one-half by tax-incentive legislation to eliminate most of the loss of more than one-third of the coal which is at present left in the mines.
- ¶ Maintain incentives for industry to develop remaining petroleum reserves on private lands and work out a federal program for development of public-land reserves, including tidelands deposits.
- ¶ Lower tariffs and remove import quotas on foreign oil, which—in terms of world reserves—are produced more efficiently under single-ownership operations.
- ¶ Continue and extend research on synthetic fuels and gasification of leftover coal deposits.
- ¶ Establish federal standards for oil production, in collaboration with the states, to eliminate present tailoring of production to "market demand."
- ¶ While spurring the federal program to produce electric power, accelerate research to produce heat from solar energy, from atomic energy, the wind, the heat pump and other new sources which may add to the store of *inexhaustible* power.
- ¶ Encourage the furnace and building industries to embark on a long-range program to save one-fifth of the fuel for heating homes and buildings by promoting replacement of obsolete furnaces and by insulating and weatherstripping.
- ¶ Prohibit the transfer of energy between regions where, as in the case of Texas gas being piped to heat Pittsburgh, the transfer will leave one section short of fuel.
- ¶ Prevent the manufacture of low-compression engines, and work toward reducing the number of fuel-wasting automobiles on the highways.

Since fuels and energy sources are so closely inter-related and have so many interchangeable uses, a co-ordinated approach to their development is essential. The basic pattern we must follow is to shift from ex-

haustible to inexhaustible supplies of energy whenever possible. The development of hydroelectric power becomes, for the present, the primary point of emphasis in an energy policy, since it is here that we are able to produce a new supply by which to get ahead of the new demand for all the energy full employment will produce.

Forest Resources. Last year the United States consumed, for its domestic and export needs, twice as much sawtimber as it grew. After studying probable future demand, the US Forest Service has estimated that we need to double the annual growth of sawtimber, building up production from the present 36 billion board feet to about 73 billion. The Forest Service estimates that, at best, it will take 40 to 45 years to reach this goal.

Since three-fourths of all our commercial forest land, and generally the best of it, is privately owned, with only one-fourth in the public domain, the major job obviously lies in improving practices on private lands. About two-thirds of all cutting on such lands is still reported to be poor or destructive; only eight percent is up to really good forestry standards.

Three major lines of action are required: special aid to private forest-land owners; government control of cutting and other basic forest practices on privately owned as well as public lands; and intensified development of the national forests.

Soil. By 1975 we are likely to have a population of 170 million to feed from our land. A Public Affairs Institute study of our soil resources indicates that with the added production on 27 million acres of land now in pasture, which horses and mules will surrender to tractors in that time, and a 15-percent increase in production on the 350 million acres we now till, we shall be able to produce the food required. If necessary, 45 million acres of potential crop land under our swamps can be drained. The Department of Agriculture estimates that there are also 20 million acres of new crop-land that can be brought into cultivation by irrigation. And large areas of worn-out land can be brought back into production, at a price.

To obtain "maximum continuous production from the land" we must spend far more on soil protection than in the past. The Soil Conservation Service and the larger Agricultural Conservation Program, together, have received appropriations of less than \$100 million a year for basic conservation work. Last year, the Soil Conservation Service received 200,000 more requests from farmers for aid than it was equipped to supply.

III. A HEALTHY AMERICA

PRESIDENT TRUMAN has repeatedly urged Congress to enact a comprehensive plan for improving the quality of medical care and making such care more completely available to the people. "The real cost of our present inadequate medical care," the President said, "is not measured merely by doctors' and hospital bills. The real cost to society is in unnecessary human suffering and the yearly loss of hundreds of millions of productive working days. We are already paying about four percent of our national income for health care. More and better care can be obtained for this same amount of money under the program I am recommending."

No one, not even the members of the American Medical Association, has denied the need for more adequate medical care. Today there are about 190,000 active physicians, of whom 145,000 are in private practice. This represents only about 80 percent of the physicians we require. Federal Security Administrator Oscar Ewing has estimated that feasible goals for 1960 include: 37,000 more doctors, 600,000 more hospital beds, and twice the present number (1,900) of local health units.

These gaps in our health services can be closed by the Administration's national-health-insurance plan, financed under an insurance fund built up primarily by equal payments from employees and employers. It is expected that when the program is in full operation, the maximum amount deducted from salaries and wages will be 1.5 percent of earnings up to \$4,800 a year. A person earning \$50 a week would have 75 cents a week deducted from his wage earnings. The maximum deduction for any employee, no matter how high his salary, would be \$1.40 a week. For this, the worker would get for himself and his dependents medical, dental, hospital and nursing care, cost of expensive medicines, and other services. The program would leave patients free to choose their own doctors and doctors equally free to accept or reject patients.

During the first session of the 81st Congress considerable groundwork for a broader program was laid: the Senate passed five bills, covering four titles of the Administration's comprehensive medical plan. A hospital survey and construction bill, providing 150 million a year for five years to expand hospital facilities, was voted by both the Senate and House. In addition, the Senate passed bills providing federal aid for education of doctors, dentists, nurses and public-health workers; setting up institutes for medical research

into causes and cures of arthritis and rheumatism, blindness, sclerosis, palsy and epilepsy; and for grants to expand public-health work. Senate approval was given to all the above without a dissenting vote. Another important measure, passed by the Senate, was the school-health-service bill, to aid states in developing preventive care and in diagnosing and treating the physical and mental defects of children.

The Committee for the Nation's Health, strongest backers of the Administration's total plan, in a report on the progress of health legislation, pointed out that: "All told, Congress in the first session authorized or appropriated about \$606 million for health services, including hospital construction; expansion of local public health service; heart, cancer, communicable disease and VD research and control programs; dental health, and maternal and child health." President Truman has urged Congress to continue this mopping-up operation on the fringes of the health problem while it is considering the large-scale program.

Two volumes of testimony in Senate hearings on national-health-insurance proposals were produced last year, including the Hill-Aiken voluntary-health-insurance bill and the Taft national-health bill, as well as the Administration's measure. Another plan, by Senators Flanders (R, Vt.) and Ives (R, N. Y.), was introduced too late to be included in the hearings. In addition to these four measures, Senator Paul Douglas (D, Ill.) recently announced that he may introduce a health bill along the lines of the Administration's payroll-tax plan. There is some hope that in a final showdown on the long-range health bill Senators Lister Hill (D, Ala.) and Douglas and other Administration leaders will join Senators Murray (D, Mont.), Hubert Humphrey (D, Minn.) and Elbert Thomas (D, Utah), who are among the sponsors of the program.

Housing

THE PUBLIC-HOUSING PROGRAM passed at the last session of Congress was a very small part of what will be needed to achieve the objective of a decent home for every American family within 10 years. Current legislation provides for only 135,000 units of low-rent public housing per year. Three hundred localities have already applied for 350,000 units for the next two years, and this, of course, does not begin to represent even the most urgent need.

Private builders and the government together erected

more than 1.8 million homes over the last two years. But to achieve our 10-year goal, we shall have to build not 900,000 but 1.5 million to 1.75 million houses a year. And to reach an average national production of \$300 billion per year over the next decade, we should invest \$15 to \$20 billion a year—\$150 to \$200 billion in 10 years—in housing and related community developments.

The building of the last two years has been of benefit to few who could not pay \$10,000 or more to buy a house or at least \$60 a month rent for a one-bedroom apartment. With the cream skimmed off this rich market, residential construction is headed for a sharp decline, dangerous to the whole economy, unless moves are promptly made to develop new mass markets.

The public-housing program must be expanded to take in some of the millions of families who are too poor to afford private housing at present prices and not poor enough to qualify for public housing under present standards. At the same time, the government must aid private builders in developing ways of reaching the potential consumers of housing that is now out of their price range. About 1.5 million units of private housing a year will be required above the expanded public program, almost doubling the rate of private residential construction. This means developing new methods of quantity production, reducing costs while improving standards. It means more coöperative housing, and the provision of specific incentives by the federal government to privately financed housing for the middle-income group.

The bill offered by Senator John Sparkman (D, Ala.), S. 2246, now on the Senate calendar, would be a long step in this direction. It would spur construction of homes for the middle-income group by extending government guarantees of bank loans for this purpose up to 95 percent, providing special loans to veterans and to educational institutions for building dormitories and other housing, and providing \$1 billion for direct government loans to housing coöperatives and other non-profit housing corporations, over periods up to 50 years, at three-percent interest.

In the rush to increase the supply of housing, we must not forget that, as presidential adviser Leon Keyserling recently observed, "the paramount theme of the housing program is not to provide business opportunities or jobs for producers—although these are collateral benefits—but rather to provide homes for people. The true measure of success will be in terms of the human element, in terms of the living environment of people and how they respond to the efforts to improve that environment." This dictates change in policy as public programs grow.

Under the schedule outlined above, the time would not be far away when about one-tenth of our urban population would be living in public-housing projects. Under those circumstances, it would be very important to make sure that the publicly housed citizens were not "stratified or classified or segregated according to income," to quote Keyserling again. "It follows that much more attention should be directed toward variegated developments, providing dwellings for people at various income levels so that the children of the well-to-do, the middle-income groups, and the lower-income groups may play together and get to know one another's problems, and so that the pattern of city living may become more democratic rather than less so. Obviously, the problem of segregation based upon race is even more difficult than the problem of segregation based upon income. But for that very reason, harder efforts must be made to work out a solution of which Americans may be proud and not ashamed."

Social Security

Unemployment Insurance. To guard against sudden emergency, the federal-state unemployment-insurance system should be strengthened by establishing a minimum standard of \$30-a-week benefits (with additional amounts for dependents) for all parts of the country and extending coverage up to 26 weeks.

Old Age Insurance. The US now can well afford to provide a real measure of security for its old people and its disabled citizens. The improvements in the present social-security system approved by the House last year and due for Senate adoption in the present session of Congress are notable but far from sufficient. Even under the new Act, the vast majority of needy aged would not receive pension insurance as their right, but would still have to rely on charity from the "assistance" programs. Our need to keep these people in the class of active consumers, the growing political power of the old-age forces, and the simple humanity of the case demand the adoption of a much more substantial pension program right away.

Private pensions, even such \$100-a-month industry guarantees as the CIO Steelworkers and Auto Workers have won, are no substitute for a federal system of universal pensions. Industrial workers are not entitled to more security than other Americans, the vast majority of whom have no way to get pensions except through the government. Old-age insurance should be provided in reasonably equal amounts to all men after the age of 65, and all women after 60, in general proportion to their previous level of earnings.

All employed persons, including farmers and independent workers earning as much as \$400 a year, and all those who have already reached the age of 65, should be brought into the present social-security system now. Retirement benefits should then be set at a minimum of \$50 a month for men after 65 and women after 60, ranging in five years to as much as \$180.90 for an aged couple. Those who worked in "covered" employment before retirement would receive, as supplementary income, 15 percent of their average monthly wage in the five highest years, and another one percent for each year in which they were employed. Men and women over 70 would receive benefits whether or not they were still working; those under 70 would receive nothing if they were earning \$75 a month or more. Those who had not worked regularly in roughly three-fourths of the years from passage of the law until retirement should have their benefits reduced. To protect the pensioners against inflation, insurance payments should be tied to the cost of living, with bonuses provided whenever the index of consumer prices rose more than perhaps five points in the scale, bonuses to stop when prices declined.

All permanently and totally disabled persons should receive the same amounts under the same conditions as the aged.

The cost of benefits to those who lived a full working lifetime under this plan could be carried by equal contributions of the workers and their employers. The deficit cost of benefits paid to those already 65 and those who will contribute to the program for only a few years before retiring must be made up by government contribution. How much that will cost the taxpayers depends largely on the size of the national product we shall have attained by the time, 10 to 15 years from now, when the government contribution will be required, and on how many, of the approximately 18 million old people we then shall have, choose to remain at work.

But the government's share eventually would amount to about one-half the yearly cost of the program, running into the neighborhood of perhaps \$10 billion a year. Assuming that through full employment we shall reach a level of national production 75 to 100 percent above our present rate in the next 25 years, that amount of security for our older citizens will not be beyond our means.

A Labor Extension Service. Workers need the same kind of information and education programs from their government which the Agricultural Extension Service was designed to supply to farmers. The labor-extension-service bill now before Congress, sponsored

by six Senators and 14 Representatives, would provide study courses and institutes, library and research services, and films on laws affecting their jobs, production problems and community responsibilities. Programs would be operated through local colleges and universities, with funds supplied jointly by the states and the federal government.

Adequate Education

EDUCATION IN AMERICA is inadequate.

Four million children are receiving no education at all. Ninety-five thousand teachers hold substandard certificates.

One-third fewer teachers are being graduated from training courses than in 1941, although enrollments are due to rise by nine million within the next decade.

A survey of the National Education Association reports that in 45 of our 48 states there is a "considerable" or "very large" shortage of rural school teachers. In 37 states there are similar shortages in urban elementary schools. Secondary schools are catching up to the shortage, but training courses are graduating one-third of the teachers that we need. The NEA further reports a critical shortage of school buildings.

Education in America is unequal. In 1944-45:

- ☛ New Jersey spent \$198 on each public-school child.
- ☛ Mississippi spent \$44.
- ☛ New York spent \$194.
- ☛ Arkansas spent \$60.

Average teachers' salaries were \$2,783 in New York; \$1,918 in Arkansas.

The reason is that per-capita income ranges from \$650 in Southern states to \$1,800 in New York. Since the war, increased state and local revenues have checked a sharp deterioration in education. Yet they have not provided enough teachers or overcome the lost war years in school construction or raised teachers' purchasing power above prewar years. Even if Mississippi should apply its entire state revenues to education it could not achieve recognized minimum standards for America.

For 40 years, federal aid to education has been recognized as an urgent necessity. Early in 1949 a bipartisan-sponsored bill passed the Senate by 58 to 15.

It authorized \$300 million to equalize educational opportunities and to provide a minimum expenditure in public schools of \$50 a child. The funds were to be administered by the states. This bill was killed in the House.

It was killed largely by the pressure of Catholic

groups which wanted federal funds for parochial-school services written into the bill. Such a bill would have violated the constitutions of 12 states as well as the US Constitution. For, in the words of Supreme Court Justice Wiley Rutledge, we have "staked the

very existence of our country on the faith that complete separation between the state and religion is best for the state and best for religion."

President Truman has asserted that passage of the Senate bill is a major legislative objective for 1950.

IV. A FREE AMERICA

IN THE TWO YEARS since the Report of the President's Committee on Civil Rights was published, the barriers to equality of citizenship regardless of race or color have been fast crumbling. They remain the great shame of American democracy.

In *employment* eight states have now passed FEPC laws which provide enforcement by administrative agencies. In other states, many cities have enacted ordinances barring discrimination in public and private employment. Ten railroad unions have agreed to eliminate discriminatory clauses from their national constitutions in states covered by FEPC laws. The Brotherhood of Locomotive Trainmen and Engineers is now seeking to eliminate discrimination in its Southern contracts.

In *education* segregation is now prohibited in public schools by 17 states and is mandatory in 17 states.

The Constitution under the Fourteenth Amendment provides that "no state . . . shall . . . deny to any person . . . the equal protection of the laws." State laws have distorted this clause to justify "separate and equal" facilities in education and transportation. The Supreme Court in a series of decisions 50 years ago confirmed this interpretation, but the separate facilities have never been equal in fact. In higher education separate and equal facilities would impose an impossible financial burden on states that practise segregation. The Supreme Court has ruled, however, that equal education must be provided. Under this pressure the Universities of Kentucky, Arkansas, Delaware and Oklahoma have admitted Negroes to one or more of their graduate schools.

Southern universities have gone to absurd lengths to meet the technicalities of the Court's rulings and yet maintain segregation. In the University of Texas a one-man law school has been set up in a three-room basement for Heman Sweatt. The University of Oklahoma has admitted G. W. McLaurin to its graduate school and stuck him out in the anteroom. Backed by briefs from the top lawyers of America, these men have carried their cases to the Supreme Court as a frontal challenge to the "separate but equal" concept.

In *housing* the main weight of the government has

always been placed behind segregation. The Federal Housing Administration insisted on segregation in its underwriters' manual and refused to guarantee mortgages on housing that failed to comply with the worst patterns of segregation. Now the Supreme Court has ruled that restrictive covenants are unenforceable and the government has ruled that no FHA loans shall be given for housing projects which practise discrimination. The FHA has ignored the order, replying that it will leave the issue up to local authorities.

In *transportation and recreation* 18 states have now enacted laws forbidding discrimination. Sixteen states maintain Jim Crow statutes. These laws have been weakened by a Supreme Court ruling that Jim Crow laws in interstate motor transportation are unconstitutional.

In the *armed forces* segregation and discrimination were outlawed in July, 1948. Since then:

¶ The Air Force has made substantial progress in re-assigning Negro squadrons and revising training.

¶ The Navy has made fair progress in abolishing present discrimination, although there are still fewer than a dozen Negro officers.

¶ The Army has made little progress apart from a few token gestures. Negro and white troops in the Army are still separated and Secretary Johnson has rejected Army progress reports as unsatisfactory.

At the same time eight states have advanced beyond the nation in forbidding discrimination in the National Guard.

In *voluntary organizations* the barriers to segregation are crumbling all over America. In university professorships, on court benches, professional athletic teams, hospitals, fraternal organizations and college fraternities, colored Americans are beginning to take their place.

In this review of continuing progress the sorriest aspect is national legislation.

Two years after the Civil Rights Report was published, not one of its major recommendations has been enacted into federal law.

Anti-poll-tax bills have passed the House five times

—to be blocked by filibuster in the Senate. Anti-lynch bills have been debated for 30 years without reaching a Senate vote. FEPC bills have been reported favorably in four successive Congresses; there is no federal FEPC law today.

This year, the primary objective in civil-rights legislation is the FEPC bill. It is ready for immediate debate. It is widely supported. The need for it is felt in every American community. The FEPC bill forbids discrimination in employment by a labor union of more than 50 members, or a firm with more than 50 workers. It forbids employers to hire workers through an agency which practises discrimination. It forbids employers or unions to take action against persons for their opposition to discrimination. It establishes a commission of five members to investigate, conciliate and adjudicate complaints of unfair practices and to order their cessation. An employer or union which ignores the order may be held guilty of contempt of court.

A second civil-rights measure ready for passage is the civil-rights bill of 1949: it carries out the proposals of the President's committee within the framework of existing laws.

Title I of this bill strengthens civil-rights enforcement by the federal government by creating a permanent Civil Rights Commission; a Civil Rights Division in the Department of Justice in place of the present Civil Rights Section of seven lawyers; and a Joint Congressional Committee on Civil Rights.

Title II of the bill brings up to date existing civil-rights statutes that are inadequate to protect citizens against police violence and violations of their civil rights.

It also makes punishable intimidation and coercion for the purpose of interfering with the right of a citizen to vote as he chooses at primary, special and general elections for federal office.

It also prohibits discrimination and segregation in interstate transportation.

This Act is urgently needed. The present civil-rights-enforcement agencies of the federal government are hopelessly inadequate, as the Civil Rights Committee, the President and the Attorney General have testified. The right to vote is sabotaged today far more by literacy tests, technicalities and intimidation than by the poll tax. The provisions to end Jim Crow are needed to carry out recent decisions of the Supreme Court which today are widely violated for lack of enforcement.

The poll tax remains a barrier to voting in seven Southern states. Abolition of the poll tax in particular would bring democracy to Virginia, where the Byrd

machine attempted and failed in 1948 to legislate new barriers to the right to vote in anticipation of poll-tax repeal.

The number of lynchings declined in 1949. Yet there were at least two lynchings in Georgia, and there were race riots in Chicago and other cities. The need for a federal anti-lynching law remains.

Civil Liberties

DISCRIMINATION ON GROUNDS of race and color is receding in America; discrimination on grounds of creed is still advancing.

According to the American Civil Liberties Union, "The present exceeds in its severity of intolerance and fears" any period in the last 30 years.

The ACLU adds that 1949 witnessed an "unprecedented array of barriers to free association, of forced declarations of loyalty, of blacklists and purges, and, most menacing to the spirit of liberty, of taboos on those progressive programs and principles which are the heart of any expanding democracy."

The pioneers of intolerance, J. Parnell Thomas, Jack Tenney and others, are out of action, but their work has in some measure been taken over by the government, by universities, by public institutions, by corporations and by trade unions. "The Attorney General's arbitrary listing of subversive organizations has been grossly misused," says the ACLU, "to stimulate the search for heretics." Everywhere the right to protest and the power to advance new ideas have suffered. The police state has made further inroads in matters such as wire-tapping by the FBI and local police officials in direct violation of clear prohibitions. These inroads have barely been noticed by a public numbed by fear.

The loyalty program has thrown its net over every postman and clerk in government service. About two and a half-million civil servants have been investigated under its provisions. On the basis of loose procedures, arbitrary listings of subversive organizations, and secret trials that have violated basic democratic methods, 83 government workers have been discharged and about 900 have resigned. Harder to assess are the hundreds who have resigned from government service in disgust and disillusionment and the other hundreds of outstanding citizens who have been barred from government service. Hardest of all to assess, and most important, is the deadening impact on initiative and boldness of required conformity, suspicion, persecution and fear.

Democracy, Roosevelt said, is the right to walk down the wrong street with the wrong neighbor. Today

if a government official entertains a Negro or sees a radical acquaintance or praises a dissenting voice, the whispers begin—disloyal, disloyal. FBI agents question the suspect's friends. The loyalty machine starts to rumble. Once a man's reputation is undermined, it can never be wholly restored.

"The President's Executive Order of 1949 affecting federal employees," the ACLU states, "has been extended in principle to all registrants for the draft; to all workers handling classified materials on contract for the government, and to applicants for atomic-energy scholarships." The ACLU concludes: "... It has been extended beyond anything ever known before in American life."

The loyalty program has accomplished its stated purposes. It has been misused within the government. It has led to repressive state laws. It has caused chaos in scientific research, according to the Federation of American Scientists. It has given the FBI unheard-of jurisdiction over government personnel. Yet it has uncovered no spies. There is need for an intelligent security program in the sensitive agencies of government. The loyalty program, by definition, is not and cannot be such a program. It should be abolished or overhauled. Confrontation should be compulsory in all loyalty-board hearings. The FBI should be required to evaluate the undigested mess of gossip, rumor and hearsay that it submits as evidence, or at least to accept responsibility for its accuracy. Yet these reforms are barely a step on the road back to tolerance.

The time has come for the President to appoint a Civil Liberties Committee with the same broad mandate as the Civil Rights Committee, to report on intolerance in America, and to recommend action to protect the right to protest and to pioneer in the world of ideas.

The Rights of Free Labor

A LOCAL UNION ORGANIZER wins the majority of workers in a Macon textile mill; the Klan moves in and runs him out of town; union supporters in the plant are fired; a strike is called; an injunction is issued against picketing; the pickets are jailed; the strike is broken. Then the union files a complaint with the National Labor Relations Board. Six months later the Board holds hearings. After one year the examiner issues his findings for the union. Another year passes and the Board upholds the examiner. One more year and the Supreme Court upholds the Board. By that time the union organizing drive is dead and cold.

This kind of case has occurred many times in the last two years. It is a big reason why the Southern

organizing drives of the AFL and the CIO have been stalled. A basic freedom in America has been the freedom of workers to bargain collectively through representatives of their own choosing. That freedom has been undermined by the Taft-Hartley Act.

Senator Paul Douglas has called Taft-Hartley "legalized malice." Some of its clauses have been helpful in meeting labor abuses. But its major provisions have proved useless and unworkable.

The closed-shop ban has threatened havoc in the maritime and clothing trades. By common consent of employer and worker the law is defied.

The union-shop provisions have proved another destructive mistake. Their 30-day requirement for compulsory elections on the union-shop issue has threatened to wreck all unions in the trades where men work in gangs on jobs that last less than 30 days. The NLRB has conceded that in the building trades the provision is unenforceable and, consequently, is being ignored.

The state-legislation provision by which the Taft-Hartley Act may be overridden by any state law more hostile to the union shop has caused legal chaos. One "little Taft-Hartley law," passed by the Alabama legislature over the Governor's veto, applies only to Wilcox County, where it sets out to prohibit unions in an effort to lure industry. This type of legislation has every decent manufacturer in the North up in arms.

The national-emergency provisions of the Taft-Hartley Act have served no purpose. They have been unnecessary in the case of unions such as the Steelworkers, which has accepted voluntarily all waiting periods required by fact-finding procedures. The Taft-Hartley injunctions have proved equally useless against diehard leaders such as John L. Lewis, who rejects the fact-finding approach.

The secondary-boycott provisions were aimed at unions such as Local 3 of the International Brotherhood of Electrical Workers, which refused to install electrical equipment not made in New York City. They have been used indiscriminately in cases where boycotts are the proper and only means of isolating and overcoming sweatshops.

The Taft-Hartley Act has functioned because prosperity has continued and a government friendly to labor has held power. Yet recently the Supreme Court has taken from labor important protective rights won during the New Deal. The need is more urgent than ever for the replacement of Taft-Hartley by fair labor legislation and by a national labor policy that recognizes and enforces the rights of labor instead of conferring rights upon labor and encouraging the states to take these rights away.

V. A SECURE AMERICA

CENTRAL IN OUR world program for 1950 are these objectives:

- ☛ To continue the Marshall Plan, and through the Marshall Plan to help bring about the unification of Europe.
- ☛ To launch the Point Four program, and through the Point Four program to strengthen the United Nations.

The Marshall Plan

IN JUNE, 1947, Secretary of State George Marshall reviewed the economic crisis in Europe in a speech at Harvard. The terrible destruction of war, he said, was "less serious than the dislocation of the entire fabric of the European economy." He proposed a combined reconstruction program which would not be a "mere palliative" but a "cure."

The Marshall Plan was approved by Congress in March, 1948. Its first supplies reached Europe in the late autumn of 1948. A great part of Europe's recovery since the war has been the result of Europe's own efforts. Yet without the Marshall Plan those efforts could never have been made.

For the Marshall Plan \$4.8 billion was appropriated in the year beginning June 30, 1948; \$3.7 billion was appropriated for the following year. Now, half-way along, the Marshall Plan has accomplished half its task. Democracy has been saved in Europe. Industrial production in Western Europe rose to 20 percent above the 1938 level in the last quarter of 1949.

At the same time agricultural production has barely exceeded 1938 levels, although the population of the ERP countries has risen by 10 percent. Living standards in Western Europe are near subsistence levels, yet Western Europe is able to export enough to pay for only two-thirds of its imports. Western Europe's dollar gap is still \$4 billion a year, but despite its rising production, this crucial dollar gap is not being reduced.

So the second objective of the Marshall Plan remains: to provide "the cure."

We know now that Europe's economic ills were far deeper than the dislocations caused by war. Since 1918 Europe has failed to keep pace with world economic progress. The decline was concealed by American investments. It was hastened by rising tariffs and other restrictions on trade that protected high costs, inefficiency and monopoly.

Since the war the main efforts of European democ-

racies have been to achieve a more nearly equal distribution of wealth. Today, at least in Britain, the redistribution of wealth has approached its limits. Throughout Europe living standards can best be raised by increasing national productivity and the income of all citizens. No single nation in Europe, within its own trade walls, can greatly raise its income. Only mass production for a mass market of 270 million Western Europeans can provide a rapid rise in productivity and living standards.

Nineteen forty-eight was a year of combating inflation and shortages in each European nation; 1949 saw the first real measures of European coöperation; 1950 is the year in which the unification of Europe's economy is to begin. It means the abolition of restrictions on trade. It means a new system of settling payments between European nations which will really encourage free trade. It means over-all agreement on national policies so that Europe is not torn apart because one nation is promoting inflation while another is trying to export its unemployment by forcing down social services and wages.

These achievements can be gained only if ECA continues. If ECA aid is cut off or even reduced, every country in Europe will rush back to national autarchy in an attempt to save itself from bankruptcy. Far from cutting down ECA aid, we need to recognize that the unification of Europe will require American assistance beyond 1952. By then our aid should be given entirely to a central economic authority for Europe, and should consist largely of a public-works program of help in overcoming specific economic dislocations caused by unification.

Our ECA program for this year is \$3.1 billion. That is already a 25-percent cut, yet even this appropriation faces a hard legislative fight.

ECA asked for \$4.1 billion in 1949. It was slashed to \$3.7 billion by a coalition of Republicans and Southern Democrats. Further efforts were made to turn ECA into a program for dumping unwanted farm surpluses in Europe in place of desperately needed machinery and capital goods.

This year these wrecking efforts are certain to be renewed with greater strength.

ECA, like any program, has made mistakes. None of them justifies the attacks on ECA from Left or Right. On balance, it has not applied conservative pressures in Europe. It has backed scores of important experiments in social progress. Housing coöperatives and public-

power systems have been started by ECA. Small farmers have been helped to a better life by ECA-sponsored programs to raise crop yields, to divide up great estates, and to eradicate diseases and pests. ECA has been the iron lung of European democracy. It is still the central effort of our program to win peace by raising living standards.

Point Four

IN HIS Inaugural Address in January, 1949, President Truman outlined four major courses of action for the future. The fourth was "a bold new program for making available the benefits of our scientific advances and industrial progress for the improvement and growth of the underdeveloped areas. . . ."

Point Four is not just a program to bring American technology to the rest of the world. Johannesburg in South Africa is a perfect example of the use of advanced technology in mining gold. Its technical and scientific achievements enrich the white overseers, one-tenth of one percent of the population, who live amid great wealth while the men who mine the wealth live as animals in compounds and work as slaves.

The central purpose of the Point Four program is to advance, throughout the world, the knowledge and use of modern technology *in such a way that it benefits all of the people*. It is a program not for economic development but for human development. Its purpose, if it is to bring the benefits of industrial progress to peoples without its evils, must be to establish the social conditions, the cultural climate, the ethical and spiritual values in which economic development for the benefit of all the people can take place.

This is a brand-new concept. If we can carry it out, the Point Four program may become the fulfillment of America's historic promise to all the world, and the means by which the United Nations can lead the world to lasting peace.

The worldwide response to the Point Four program has been so overwhelming that even those who oppose it have withheld their opposition. The program of technical assistance drafted by the Secretariat of the United Nations was approved by a unanimous vote of the UN Assembly with no abstentions—a unique tribute.

This program calls for \$35 million to be spent in the first year of operation. America's share of the total, which is \$12 to \$15 million, is provided for in the Kee bill, now before Congress. This bill appropriates \$45 million in all, to be used in two principal types of technical-assistance projects.

The first type brings other peoples to the US for

advanced training in universities and agricultural extension schools and for on-the-job training in hospitals, health clinics, engineering firms, railroads, utilities and other enterprises.

The second type of project, administered mainly through the UN, will prepare and carry out development programs. They will include detailed studies of large-scale projects, surveys of climatic conditions and natural resources, research into housing and hygiene, and actual administrative direction and assistance in organizing agricultural-extension services, public-health facilities, mass-education projects, and irrigation, reclamation and other development schemes.

Hearings have been held on the Kee bill. A Technical Assistance Conference has been called by the UN this spring to set the program in motion. The whole world is waiting for America to act.

The second part of the Point Four program provides for capital development. So far, the government has turned the job of capital investment over to private enterprise. Its thinking is limited to the Spence bill, now before Congress, which guarantees the convertibility into dollars of profits earned abroad, and further guarantees investors against loss by expropriation without adequate compensation. Yet no one maintains that the bill will greatly encourage investment overseas.

The inability of the government to relate technical assistance to capital development is one great weakness at present. Another is the insistence on approaching the problem in terms of general subjects, rather than by areas. The key to the underdeveloped areas is not the similarity but the diversity of their problems. For instance, in the following examples local needs are totally different in each case.

Colonial Africa is ruled by a racial dictatorship. The problem is not so much a shortage of capital as the way in which it is used. A minority of whites will prevent any investment or aid that threatens their dominance.

In Peru and Ecuador, discrimination is not by race or color, but by dress and mode of life. The Indian population lives in a self-contained society of unutterable squalor. Each family attempts to satisfy all its wants: half a dozen eggs is a fortune in cash. The reintegration of the Indian into the nation is the task; it requires not dollars but a new cultural approach.

In the Near East and Latin America, the basic problem is lack of resources. The great barrier to maximum utilization of the resources that do exist is the pattern of land tenure and the monopoly of capital through family ties.

In India and Indonesia, where different patterns of land tenure prevail, ambitious and well-led peoples are going ahead with important projects of immigration, power development, industrialization and increased food production. Their principal need is for capital loans.

On the Alto Plano, 16,000 feet up, the tin mines of Bolivia are run by the best-trained American managers, with the latest American equipment. They earn 50 percent in dividends each year for the fabulous fortunes of Patiño and Aramayo. They rule by terror. There is one soldier for every 10 miners on the Alto Plano. The Indians who mine the tin are ragged and starving and are worn out after eight to ten years. Last year, an American chief engineer ended wage discussions by shooting an Indian leader. He and three other Americans were beaten to death with miners' shovels. Then the soldiers machine-gunned 200 Indians—men, women and children. What does Point Four mean here?

In general, where the problem is failure to develop resources, instead of lack of resources, two conditions prevail that have not yet been faced.

First, these regions have not lagged behind; they have been held back behind world progress by foreign imperialism, or domestic exploitation, in which political, economic and social relationships and religious beliefs form the over-all pattern for a backward culture.

Second, these patterns of culture are perpetuated by ruling groups which benefit from the status quo and resist change. High-cost producers who fear competition, overseas monopolies which reap excess profits, landowners who prosper by paying low wages, property owners who live on slum rents, merchants who thrive by selling imported goods and therefore want no development of local resources—these groups form a tightly knit ruling class that has blocked progress and free access to more advanced societies. Over centuries, political and religious institutions have accustomed themselves to the status quo. So its defenders also include politicians and priests who fear enlightenment. Fatalism, superstition, tradition, prejudice, perpetuate their rule.

In addition, if the ultimate purpose of Point Four is to develop each individual to the fullest, it will be fought by Stalin and his type of police state.

These facts suggest four guiding principles for the Point Four program:

First, since the concept is social and not technical, the program must be one of human betterment, rather than technological change. It must be entered into, planned and carried through with full realization that

economic change cannot be isolated in society and is part of a much larger concept of human progress.

Second, the program will succeed only through a unified approach to resource development in a given area. That approach distinguishes the TVA from piecemeal projects and gives it its universal application. Without a soil-conservation program, for example, dams built for irrigation and power fill up with silt. Without the cheap fertilizer that power dams provide, a real soil-conservation program is impossible. In the same way, programs to increase health and to raise productivity are inseparable if either is to succeed. An over-all approach encompasses all resources and also a span of generations in which technical assistance, capital development, and special assistance in transferring food surpluses, form part of a single plan.

Third, the capital-development program will progress only if the way is prepared for private enterprise by preliminary public investment. Private enterprise is a hardy plant, cropping up even in postwar Russia. But in today's world private enterprise cannot earn a profit on roads, hospitals, schools and sewage systems, and where these do not exist, it cannot take root.

So far the World Bank has loaned \$717 million and is authorized to lend \$8.2 billion. The Export-Import Bank has loaned \$2.7 billion of a total authorization of \$3.5 billion. Banks operate on narrow commercial principles. Their expenditures are a fraction of Asia's yearly needs. There is an immediate need to expand the lending power of these banks and to create a world equity corporation in the UN.

Last, the Point Four program must be handled largely through the United Nations. The program is much larger than America. Only if all nations back the program can it gain real momentum. The UN alone possesses the authority and public support to overcome local resistances. At present, the dispersion of its agencies, its methods of staff recruiting and the unrepresentative nature of the UN Assembly handicap the UN. The best way to strengthen the UN is to test it in this major effort.

In the American contribution to the Point Four program, every government agency and department has some stake. So far, the task of coordination has fallen to the State Department. It cannot handle the job.

One reason is that the Point Four program is a world program and often it may conflict with America's immediate diplomatic policy. Yet so long as its execution rests within the State Department it must be subordinated to the special aims and procedures of American diplomacy, and carried out by diplomatic personnel.

The second reason is that no permanent department is suitable for mobilizing energy behind a tremendous new effort. That is why the special wartime agencies were created and why the ERP and Military Assistance Program are directed by special agencies today.

A third reason is the State Department itself. The Department is a policy-making and not an action agency. Its basic policy for 150 years has been to sit on the lid of the world to maintain order. It cannot, by its whole tradition, incorporate a hard-driving program of pressure and promotion within its pattern of negotiation and diplomacy.

So far, the lack of this central driving force has not greatly hurt the Point Four program; from now on it may be fatal.

Other Major Issues

IN ADDITION, these major issues will continue to need solution:

Food. The world's population has risen 10 percent since the war. Food production is barely up. Food exports of all nations other than North America have fallen 40 percent.

At the same time the agricultural capacity of America and Canada has increased by 40 percent. These two nations export one-half of the world's bread grains as against one-tenth before the war. And yet while the world continues hungry, unwanted surpluses are accumulating in America, costing us \$237,000 a day.

One proposal for an International Commodity Clearing House to redistribute food supplies was considered and rejected by the UN Food and Agriculture Organization. The problem remains. Nine million bales of cotton; 300 million bushels of wheat; one billion bushels of corn; enough dried eggs to provide one meal for every citizen in the world, are piling up in our storage bins. This food should not be dumped without a plan. It should be sold to underdeveloped nations in their own currencies, and the resulting counterpart funds should be used for local education, drainage, health and housing projects under UN supervision, as part of the Point Four program. This action would give the program tremendous impetus.

Atomic Energy. The atomic-armaments race is gaining momentum. Within two or three years the point of no return may be reached at which the entire effort of a divided world is turned to preparation for inevitable war.

At the UN the deadlock on atomic energy continues. Experts agree that the American and Soviet proposals

are obsolete. Neither side has budged. Assembly President Carlos P. Romulo has insisted that a compromise plan for an atomic truce be considered; Britain and Canada have indicated their support.

A compromise plan might undertake to require the UN Atomic Energy Committee and its working parties:

❑ To negotiate a weapons treaty with Russia to outlaw atomic bombs and all weapons of mass destruction.

❑ To prepare a two-year atomic-energy-control pact which will provide:

Cessation of manufacture of fissionable material in large, militarily significant quantities.

Limitation of production to armaments necessary for research and power development.

Agreement on quotas for source materials enforced by strict inspection at the mines.

Custody over existing stockpiles of fissionable material to be entrusted to the UN, leaving the stockpiles in the countries in which they were produced.

Reexamination of this control plan in two years.

This proposal is similar to the plans advanced by General Romulo and by the Quakers. It offers no permanent solution, but a breathing space in which a solution might be negotiated. Whatever details are agreed on, America must act during the few years in which we still hold an advantage.

Russia. The year 1949 has demonstrated that while the cold war continues, no lasting solution can be found for the problems of Europe or Asia.

Once again high Soviet leaders are stressing that capitalism and Communism can live side by side. Meanwhile diplomatic relations are being choked off in Eastern Europe, democratic opposition is being liquidated, East-West trade is stagnant, pressure mounts against Yugoslavia, and the Communist Parties continue their work of disruption.

We cannot hope for good relations with the USSR. We can ask that they become no worse than, say, our relations with Argentina. The problem is to *normalize* the relations between Russia and other states.

On our side, we can offer relaxation of the restrictions on trade, negotiation for disarmament and coöperation on a peace treaty for Japan.

On Russia's side the Soviet leaders must back up with action their oratory about coexistence to prove that world revolution is no longer their objective. No state other than Russia attempts ceaselessly to overthrow the institutions and values of all other states. The best way in which Russia can indicate her desire for world coöperation is to liquidate her instruments of world revolution—the Communist Parties. The pretense that Russia

lacks this power is a joke. The problem is not America, where the Communist Party has no base, but France, Italy and other nations where it is still strong. There, the Communist Parties should be cut loose. Here, the Russians should abolish the Communist Party altogether.

The British Commonwealth. Britain, Canada and America formed a working union in wartime. Their continuing partnership is unrecognized, yet it is basic to world democracy and to peace.

The partnership is not disturbed by political differences. But economic divisions undermine it today. The US has led the effort to restore multilateral free trade. Britain has led the effort to keep bilateralism and controls.

Britain's reason is not socialist theory but economic fact. The shortage of dollars, critical for all the world, is desperate for Britain, because Britain above all nations lives by world trade and because Britain incurred heavy debts in financing the war.

Since the war Britain has received a total of \$6.4 billion in assistance; she has given \$4 billion in gifts, loans, contributions to the occupation of Germany and the repayment of sterling balances. These payments threatened the overstrained sterling system with collapse in 1949.

The Washington Conference of Britain, America and Canada met in August, 1949, to resolve the sterling crisis. It recognized that the vital interests of the three nations were identical. It took emergency measures to aid sterling. It brought about sterling devaluation. It proposed long-term action along the following lines: revision of European customs procedures; reduction of American tariffs; an increase in American stockpiling of Commonwealth strategic materials; reduced emphasis on synthetic-rubber production in America; and liberalization of European trade.

Most of these proposals have been followed up, but they are not of decisive importance.

The conference called also for greater reliance on British shipbuilding and petroleum production, review and reduction of the sterling debts, and proposals for greater investment in the sterling area.

These proposals *can* be decisive. So far they have come to nothing.

Britain remains a leading democracy, the center of a worldwide economic, political and security system, and the one nation in Europe that can counter Russian influence. Britain's well-being is and must be the anchor of America's world policy. Devaluation has proved a limited success. But Britain's basic unbalance remains unsolved. Bold action, particularly in extend-

ing credits to the sterling nations in Asia, should be undertaken in 1950.

Germany. Our record in Germany is one of sorry failure. The reason is that we have refused to carry through any basic reforms. We have placed the exclusion of Communism in Germany ahead of the development of democracy. So we have permitted a return of the conditions which brought about Hitler. Our government acknowledges that Nazis retain high positions, that the school system is unchanged, that the cartels stand, and that until recently the reeducation program has been ignored.

The result is that the Germany of today is undemocratic, unregenerate and unworthy of sovereignty. The conservatives are moving toward an alliance with Nazi elements. Kurt Schumacher has led the Socialists down a blind alley of bitter nationalism. Yet there is no good to be gained in permitting elections and then denying the elected government the powers necessary to govern. The experiences of 1949 have shown that there is no halfway house between occupation and the transfer of all powers except the power to wage war. No peace treaty giving full sovereignty can be signed. But the occupation statute will be revised until only security matters remain under Allied supervision.

Now, in addition, our military leaders have implied that Europe cannot be defended without German soldiers. They have suggested a force equipped with defensive weapons. On whose side will it fight? The German officers trained by Russia in the twenties made full use of their training—against Russia.

German rearmament is illegal. It is the one action which might provoke the Russians to war. It cannot be permitted. One solution only remains: to form a European federation in which there is no *German* armed force, no *German* heavy industry and no *German* nationality. British participation and American assistance must ensure that the federation of Europe is not dominated by Germany.

China. In supporting Chiang Kai-shek, America was identified with a policy of promoting chaos in China.

Today we are still engaged in promoting chaos, by supplying arms to Chiang and by tolerating his illegal blockade. Yet we know that this policy is without any hope and can only earn greater hatred for America among Chinese and divide us from our allies.

The alternative policy in China is one of promoting Chinese independence and democracy and of winning back the friendship and respect of the Chinese people.

The Chinese Communists are in complete control of China, and will hold control for the foreseeable future.

The promotion of China's independence can be accomplished only within China, through trade and restoration of Western contacts.

This requires recognition. Secretary Acheson has declared that three conditions must prevail in China before recognition is extended:

- ❧ The government must be in substantial control of its country.
- ❧ It must govern with the acquiescence of its people.
- ❧ It must recognize its international obligations.

These conditions substantially exist in China today. By following the policy of non-recognition, which historians have called "vicious" and history has proved to be futile, we are playing into Russia's hands. In addition, we are undermining the hope of democracy in Japan, since trade with China is vital to Japan.

Spain. The government of Franco Spain has been recognized by the 1946 resolution of the UN as "fascist—imposed by force with the aid of the Axis powers." The resolution, still operative, calls upon the United States and all nations to accomplish Franco's overthrow.

In accordance with this resolution, the US maintains only a Chargé d'Affaires in Madrid and Franco is denied membership in the agencies of the UN. Now heavy pressure is being brought by the Catholic Church, the military, and certain cotton and tobacco salesmen and other legislative pressure groups, to reverse our policy on Spain. The main argument is that the Pyrenees are the only military line that can be held in Europe.

If true, this argument is outweighed by larger considerations.

First, the decision to base the defense of the West at the Pyrenees amounts to abandoning the rest of Europe and will cause widespread demoralization.

Second, an alliance with fascist Spain is contrary to the UN Charter and will undermine the US among all democratic peoples, including the majority of Catholics in Western Europe.

Third, Franco is as corrupt and hateful to his people as was Chiang Kai-shek. If we support Franco we shall repeat the China experience with its inevitable disasters.

Fourth, Franco is the central inspiration of fascism throughout Latin America. Every dictator from Peron to Hitler's friend, Arnulfo Arias, in Panama, has drawn strength and support from Franco. For every UN mission sent to Latin America to raise living standards there is a Franco mission sent to organize a secret police. Support for Franco can destroy in Latin America the Point Four program which is America's greatest contribution to peace.

Displaced Persons. About half a million people are still in the DP camps in Western Europe. In 1948 the US Congress, grudgingly and tardily, passed a law permitting 205,000 of them to enter the United States before June 30, 1950. President Truman and many others wanted a figure of 400,000; but they were forced to take half a loaf or nothing. Except for 3,000 orphans, all these persons are charged against the immigration quotas of their native countries; one-half of each of these is earmarked for this purpose and some of them are by now pledged for decades ahead.

In 1949, an attempt was made to amend this bill. The number of refugees would have been increased to a total of 339,000. The old law was shrewdly written to discriminate against Catholics and Jews, by excluding DPs who were not in a camp before December 22, 1945, when the number of Jewish and Catholic refugees was at low ebb; the amended law would have removed this discrimination.

The new measure passed the House of Representatives, but was blocked in the Senate largely through the operations of one man, Senator Pat McCarran (D, Nev.). McCarran is a Catholic, but he was acting against the wishes of his Church; the National Catholic Welfare Conference supported the proposed amendment. The Senate Judiciary Committee, to which the law was referred back, has been ordered to report on it to the Senate before the end of this month.

In all parts of the United States, older Americans have performed innumerable acts of kindness to the refugees who are already here; they have given convincing evidence that there is public support for the additional gesture—itsself pitifully small—toward the victims of war, represented in the proposal for amendment.

Raising Imports. Before the war America provided one-seventh of the world's exports: since the war our share has run between one-quarter and one-third. Today all our assistance programs are failing to prevent a sharp decline from export levels required for world reconstruction and for our own economic stability. At the same time our imports are negligible and the gap between imports and exports is not closing.

Imports are less than half as important in our economy as they were before the war. They should be more than \$10 billion each year; instead, they were \$6.5 billion in 1949—20 percent below 1948 levels. Exports have also fallen from \$15 billion in 1947 to \$12 billion last year. Perhaps 10 percent of the \$6 billion gap between imports and exports may be filled in the future by private investment overseas. If the remaining 90 percent is not taken up by increased imports or con-

tinued government assistance, a world economic and political crisis must follow.

This year will see a major attempt by the government to lower tariffs. It should also see the approval by Congress of the International Trade Organization Charter, which is intended to increase world trade. Imports may be further encouraged by revisions of customs proceedings and voluntary action by citizens and business groups. Far more important are efforts to maintain domestic prosperity.

Last year, America's national income fell off five points when liquidation of inventories caused a monetary recession. This brief episode set Europe back and helped to bring on a financial crisis in the entire

sterling area. Everything that we have done, that we are doing, that we hope to do, in the world, rests on continued high levels of employment in the US.

The lesson is clear. We cannot afford to permit large sections of the world to become a charity case, permanently dependent on American aid. We must seek in every possible way to help other nations to expand their productivity, their trade with one another, and their trade with us. For their sake as well as our own, we must keep America prosperous and strong; we must solve the internal problems that give our enemies ammunition for their propaganda; we must live up to our democratic heritage.

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HAROLD L. ICKES: Enough of Dulles

AGAIN Senator Arthur H. Vandenberg of Michigan has displayed a patriotism that will win him a high place in history. Not yet fully recovered from a delicate and serious operation, he has come back to Washington to strive, not as a party man, but as an American, for world peace. More than anyone else, it is Senator Vandenberg to whom we should feel gratitude that, in foreign affairs, we have been able to present a solid front to other nations. In view of this fact, it is unfortunate that calculating men—including Arthur Krock, that Republican potsherd of the *New York Times*—have been insisting that our policy of nonpartisanship in foreign affairs will fall apart unless John Foster Dulles is again made a member of the American delegation to the United Nations.

As a matter of fact, Dulles never should have been named as a member of the United Nations General Assembly by President Truman at the instance of Thomas "Elusive" Dewey. No greater error has ever been committed than the foisting upon the nation by Dewey of John Foster Dulles.

If Dulles had not made the mistake of running against former Governor Lehman of New York for Senator last fall, he might have been able to continue to the end of his days emanating an apparent odor of sanctity. Evidently, he did not himself realize that what passed with him as an odor of sanctity, was B. O. to those who had a more discriminating sense of smell. The fragrance resulted from certain semi-public and professional enterprises of a man who sank so low in his campaign for the Senate that he even went as far as he dared to inject the religious issue into it.

During the campaign, Governor Dewey extravagantly declaimed that his and Wall Street's candidate for Senator was the "greatest statesman in the world." He declared, "Mr. Dulles is the only man in the world whom the Russians fear." In speaking thus of Dulles, Governor Dewey, at least by implication, made American diplomacy an issue. In aggrandizing Dulles beyond recognition, Dewey necessarily attempted to depreciate Vandenberg, to say nothing of former Senator Austin of Vermont, himself a Republican, who continues to represent his country as its principal official at Lake Success. By thus grotesquely exalting Dulles, with no even pretended dissent from that modest gentleman, as "the greatest statesman in the world," Governor Dewey made him unavailable as a future representative of the United States at Lake Success. By making nonpartisanship in foreign affairs a political issue, the

great political strategist, Thomas E. Dewey, in effect "Krocked" his own candidate.

Further to the damage of Dulles, he was discovered from the records to be a hard-fisted, money-chasing, Wall Street lawyer willing to accept clients at whom other lawyers looked askance. He was attorney for Harrison Williams, the Samuel Insull of the East, and the boss of the giant North American Company. For years Dulles was counsel and a member of the Board of Directors of the Union Electric Company of St. Louis, \$500,000 of whose funds were corruptly used by some of Dulles' associates to win elections and bribe legislators. The New York branch of America First was organized in Dulles' office and to it, Mrs. Dulles made two contributions. Before the war, Dulles had close professional and business relations with some of the most dangerous of Hitler's Nazis. In 1939 he made three isolationist speeches in which he referred to the Germans, Japanese and Italians as "dynamic peoples" who should be given more living space. Far-seeing and experienced international statesman that he was, he insisted that only the "hysterical" believed that Germany, Japan or Italy contemplated war against us.

The foregoing facts ought to give some measure of the real stature of Governor Dewey's "greatest statesman in the world."

So much for John Foster Dulles as a public figure. In a case pending in the Federal District Court in New York, Dulles and his client, Harrison Williams, as well as others, are named as parties defendant. The charge is that the defendants were "engaged in a conspiracy to loot, defraud, overreach and mismanage," to the extent of some \$80 million. In his defense, Dulles twice pleaded the statute of limitations, a plea which Judges Parker, Soper and Dobie of the Court of Appeals had characterized as one which honorable men might not be willing to plead.

When President Truman accepted Dulles as Governor Dewey's nominee for a place on the United States delegation to the United Nations Assembly, he probably did not know the record that Dulles had already made. Now that he does know, the American people have the right to look to him to protect them from the misjudgment of their country to which it would be subject if, by reappointing Dulles, Truman should announce to the world that here was a man whose character and standing qualify him to associate with the picked men of other nations. **HAROLD L. ICKES**

THEATRE: New and Old

ROSEMARY CASEY'S "The Velvet Glove" is a tepidly pleasant comedy about a mother superior who manages to keep a lay instructor from being fired from her convent school for his liberalism. She does this by outfoxing a bishop, who is harassed by the criticism of a wealthy communicant.

There is very little in the play to which anyone can take exception. That it is old-fashioned is no fault, and Grace George still has a lovely voice and an impeccable delivery. But I could not help thinking, as I watched the play, about the difference between the drama of Catholic inspiration in this country and in France.

In France, Catholic playwrights like Claudel and Ghéon write tragedies in which true faith is shown to be difficult, and the need for it is based as much on that difficulty as on the abiding painfulness of living. Claudel has a moral value and significance, apart from his purely literary impressiveness, even for non-believers.

The greater number of American plays of Catholic derivation are almost always flippant comedies which seem bent on proving that the Church is hardly to be distinguished from any other sound American institution: that priests and nuns may reform semi-delinquent children by making them proficient in baseball and boxing or that the mother superior of a convent can be just as tricky as the sharpest businessman. I confess I find the complex agonies of the French Catholic plays more edifying than the cheerful salesmanship of our own.

"The Rat Race" represents Garson Kanin's attempt to write a warm-hearted comedy about the shabby twilight citizens of our big city. This is an honorable intention, and the play is in no way as unclear as some have suggested. The trouble with it is that sympathy for such lowly people as rundown vaudevillians or ex-

rhumba prize-winners is not enough. As a matter of fact, "sympathy" for such characters is unsympathetic. It is a sentimentality that smacks of condescension, because it is a second-hand sentimentality. An author must convince an audience, when he deals with such characters, that he participates in their lives as an equal. He must not only make us feel at one with them, but leave no doubt that he believes none of us to be essentially better than they. Gorky could do it; so too can Tennessee Williams and Odets. Kanin has failed to do so.

What I liked best about "The Rat Race" is Betty Field. She is genuinely touching. Hers is a tenderness that is unaware of itself, a womanliness that does not realize its purpose or benefit, a true sensibility that is borne as a kind of burden. What Miss Fields needs is parts and the kind of direction that will develop in her a technique to vary and enrich her natural gifts.

The City Center opens its eight-week season of revivals at bargain prices with a commendable production of Oliver Goldsmith's "She Stoops to Conquer." On the basis of this production alone, I would recommend the whole series, which is to include Emlyn Williams' "The Corn Is Green" and Shaw's "The Devil's Disciple."

This does not mean that Goldsmith's comedy is a special favorite of mine, but, after all, how else can we see such a play as "She Stoops to Conquer" in our theatre unless some such organization as the City Center undertakes to do it. The play itself seems to keep alive by a freshness of writing and a sweetness of humor (plus good acting parts) that can never be dated. A true style—and Goldsmith had one—is like those good wines which are not soured by age. Considering the short period allowed for re-

hearsals at the City Center, the revival of "She Stoops to Conquer" is, I repeat, altogether creditable. The whole cast (Celeste Holm, Brian Aherne, Ezra Stone and the others) deserves applause for engaging in it.

Fearing that I had been hasty and rude in my summary dismissal of the current and popular presentation of "Caesar and Cleopatra" (the *New Republic*, January 2), I went back to see it again. The best I can say for the production is that it is a production of Shaw, and though I do not share the admiration of many people for this play, it is, after all, the work of an outstanding writer.

"Caesar and Cleopatra" must have had a sparkling and daring irreverence in its day, but most of it now—unless brilliantly played—seems dramatically flaccid and schoolboyishly cute. Its eloquence rarely achieves poetry, its wit is mostly a kind of good-natured archness, and its wisdom is perilously close to platitude. The production is correct and clean, but I find it theatrically *toneless*—lacking in any real quality or spirit. The play presents Shaw's idea of a great man, and I found Sir Cedric Hardwicke (who is a good character actor) more like the ludicrously respectable Britisher who is Caesar's slave than like Caesar. Lilli Palmer is a sweet Viennese cookie, but does that make her Cleopatra?

HAROLD CLURMAN

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